

**PARTNERS HEALTHCARE SYSTEM, INC.  
DON APPLICATION # PHS-17071716-TO  
APPENDICES**

**TRANSFER OF OWNERSHIP OF  
MASSACHUSETTS EYE AND EAR INFIRMARY**

**JULY 17, 2017**

**BY**

**PARTNERS HEALTHCARE SYSTEM, INC.  
800 BOYLSTON STREET, SUITE 1150  
BOSTON, MA 02199**

PARTNERS HEALTHCARE SYSTEM, INC.  
APPLICATION # PHS-17071716-TO

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# **Attachment/Exhibit**

**1**

**TABLE 1: Total PHS Patient Panel**

	FY14		FY15		FY16		FY17Q1	
	Count	%	Count	%	Count	%	Count	%
<b>PHS Total</b>	1,211,361		1,255,589		1,299,981		635,069	
<b>Gender</b>								
Male	489,115	40%	510,882	41%	529,584	41%	249,171	39%
Female	699,356	58%	729,920	58%	756,941	58%	381,244	60%
Other/Unknown	22,890	2%	14,787	1%	13,456	1%	4,654	1%
<b>Age</b>								
0-17	125,049	10%	136,541	11%	149,313	11%	65,425	10%
18-64	748,259	62%	781,276	62%	809,642	62%	385,857	61%
65+	315,264	26%	323,115	26%	327,663	25%	179,162	28%
Unknown	22,789	2%	14,657	1%	13,363	1%	4,625	1%
<b>Race</b>								
White	888,884	73%	912,161	73%	924,332	71%	468,014	74%
Black or African American	71,921	6%	73,310	6%	74,127	6%	36,954	6%
American Indian or Alaska Native	1,416	0.1%	1,434	0.1%	1,417	0.1%	617	0.1%
Asian	49,087	4%	51,114	4%	51,921	4%	25,444	4%
Native Hawaiian or Other Pacific Islander	1,052	0.1%	987	0.1%	976	0.1%	441	0.1%
Hispanic/Latino	38,901	3%	32,611	3%	26,698	2%	15,804	2%
Other/Unknown	160,100	13%	183,972	15%	220,510	17%	87,795	14%
<b>Patient Origin</b>								
HSA_1	10,538	1%	11,058	1%	11,716	1%	5,073	1%
HSA_2	42,126	3%	41,549	3%	42,928	3%	19,117	3%
HSA_3	59,490	5%	60,456	5%	61,689	5%	28,734	5%
HSA_4	571,400	47%	581,662	46%	584,007	45%	307,015	48%
HSA_5	121,411	10%	149,729	12%	183,635	14%	81,469	13%
HSA_6	231,359	19%	234,332	19%	237,352	18%	125,405	20%
Outside of MA	147,646	12%	158,403	13%	162,301	12%	62,739	10%
Unknown	27,391	2%	18,400	1%	16,353	1%	5,517	1%

**TABLE 2: PHS Patients with an Eye Related Condition**

	FY14		FY15		FY16		FY17Q1	
	Count	%	Count	%	Count	%	Count	%
<b>PHS Total</b>	53,060	4%	56,623	5%	96,269	7%	29,970	5%
<b>Gender</b>								
Male	24,971	47%	26,979	48%	40,623	42%	12,707	42%
Female	27,170	51%	28,997	51%	54,906	57%	17,093	57%
Other/Unknown	919	2%	647	1%	740	1%	170	1%
<b>Age</b>								
0-17	1,144	2%	1,411	2%	3,463	4%	883	3%
18-64	24,942	47%	27,936	49%	52,708	55%	16,338	55%
65+	26,060	49%	26,631	47%	39,364	41%	12,579	42%
Unknown	914	2%	645	1%	734	1%	170	1%
<b>Race</b>								
White	36,814	69%	39,362	70%	71,535	74%	22,486	75%
Black or African American	5,408	10%	5,816	10%	7,345	8%	2,310	8%
American Indian or Alaska Native	50	0.1%	65	0.1%	105	0.1%	39	0.1%
Asian	2,258	4%	2,429	4%	3,655	4%	1,136	4%
Native Hawaiian or Other Pacific Islander	56	0.1%	56	0.1%	54	0.1%	18	0.1%
Hispanic/Latino	2,580	5%	2,584	5%	3,192	3%	1,035	3%
Other/Unknown	5,894	11%	6,311	11%	10,383	11%	2,946	10%
<b>Patient Origin</b>								
HSA_1	224	0%	323	1%	807	1%	239	1%
HSA_2	1,107	2%	1,205	2%	2,612	3%	850	3%
HSA_3	1,854	3%	2,038	4%	3,642	4%	1,121	4%
HSA_4	27,203	51%	29,224	52%	49,969	52%	15,994	53%
HSA_5	3,733	7%	4,309	8%	10,261	11%	3,186	11%
HSA_6	13,907	26%	14,102	25%	17,723	18%	5,441	18%
Outside of MA	4,000	8%	4,673	8%	10,328	11%	2,912	10%
Unknown	1,032	2%	749	1%	927	1%	227	1%

**TABLE 3: PHS Patients with an ENT Related Condition**

	FY14		FY15		FY16		FY17Q1	
	Count	%	Count	%	Count	%	Count	%
<b>PHS Total</b>	195,858	16%	207,695	17%	276,961	21%	92,376	15%
<b>Gender</b>								
Male	75,812	39%	81,732	39%	112,371	41%	36,994	40%
Female	115,970	59%	123,608	60%	162,088	59%	54,804	59%
Other/Unknown	4,076	2%	2,355	1%	2,502	1%	578	1%
<b>Age</b>								
0-17	16,683	9%	19,216	9%	30,666	11%	9,116	10%
18-64	114,171	58%	122,180	59%	159,105	57%	52,346	57%
65+	60,934	31%	63,958	31%	84,704	31%	30,341	33%
Unknown	4,070	2%	2,341	1%	2,486	1%	573	1%
<b>Race</b>								
White	147,818	75%	157,282	76%	205,999	74%	70,131	76%
Black or African American	11,363	6%	11,897	6%	15,705	6%	5,094	6%
American Indian or Alaska Native	188	0.1%	210	0.1%	280	0.1%	91	0.1%
Asian	6,719	3%	6,984	3%	9,365	3%	3,094	3%
Native Hawaiian or Other Pacific Islander	125	0.1%	110	0.1%	183	0.1%	59	0.1%
Hispanic/Latino	7,001	4%	6,447	3%	7,116	3%	2,451	3%
Other/Unknown	22,644	12%	24,765	12%	38,313	14%	11,456	12%
<b>Patient Origin</b>								
HSA_1	1,113	1%	1,214	1%	1,854	1%	598	1%
HSA_2	5,665	3%	5,616	3%	7,183	3%	2,391	3%
HSA_3	7,725	4%	8,035	4%	11,368	4%	3,828	4%
HSA_4	98,190	50%	103,755	50%	134,347	49%	46,140	50%
HSA_5	19,288	10%	23,497	11%	39,365	14%	12,493	14%
HSA_6	39,669	20%	41,363	20%	51,612	19%	17,687	19%
Outside of MA	19,544	10%	21,382	10%	28,200	10%	8,502	9%
Unknown	4,664	2%	2,833	1%	3,032	1%	737	1%

## **Attachment/Exhibit**


**2**

**COMMUNITY FORUM/PUBLIC MEETING ANNOUNCEMENT**  
**POSTED ON THE MEEI WEB SITE**




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


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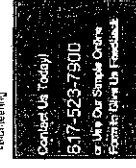
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## Massachusetts Eye and Ear to join Partners HealthCare

### Notice of Public Hearing

Mass. Eye and Ear and Partners HealthCare have announced plans for Mass. Eye and Ear to formally become a member hospital of Partners HealthCare.

Under the proposed terms, Mass. Eye and Ear will remain its own organization, focused on eye and ear nose, throat (ENT) care, research and teaching. Any current patients will be referred to see the same physician and receive the same high quality care that Mass. Eye and Ear strives to provide. However, this new partnership will allow for greater expansion by Mass. Eye and Ear in the community-hospital setting and afford patients access to state-of-the-art specialty services close to home.

If approved by regulators, Partners HealthCare will become the parent organization of Mass. Eye and Ear, allowing both organizations to provide a continuum of high-quality, eye and ENT services to ensure the patient experience is seamless and integrated.

Mass. Eye and Ear invites any patient wishing to learn more information about the partnership to attend a public meeting.

April 24, 2017 at 6:00PM

Malvern Auditorium on the 3rd floor

243 Charles Street, Boston, MA 02114

RSVP is not required, but recommended and appreciated.

Please email [partnersand@mass-eye-ear.org](mailto:partnersand@mass-eye-ear.org)

View the full press release.

Massachusetts Eye and Ear | 243 Charles Street Boston, MA 02114 | 617-552-7900



HARVARD MEDICAL SCHOOL  
TEACHING HOSPITAL



[www.MassEyeAndEar.org](http://www.MassEyeAndEar.org)

**PRESS RELEASE REGARDING THE CHANGE OF CONTROL**

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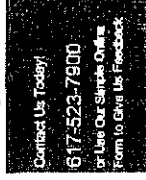
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## Massachusetts Eye and Ear announces plans to join Partners HealthCare

Media Contact:

Jean-Lo Guibet  
Office of Communications, Mass Eye and Ear  
617-523-3421

BOSTON, March 31, 2017 – Massachusetts Eye and Ear and Partners HealthCare have signed a letter of intent for Mass Eye and Ear to formally become a member of Partners HealthCare. The agreement is the first step in a comprehensive process to make Partners HealthCare the parent organization of Mass Eye and Ear (MEE).

"Mass Eye and Ear made a promise to patients around the world that we would find cures for blindness and deafness," said Vysella "Viv" Groubesh, Chairman of the MEE Board of Directors. "Joining Partners would give our physicians and scientists the best path to keep delivering on that promise as quickly as possible."

Under the proposed terms, MEE will keep its name and hospital license, and will remain a not-for-profit charitable health care organization, with its own board of directors, executive leadership team, medical and research staff, and community outreach and fundraising activities.

Founded in Boston in 1822, MEE is the oldest eye and ear, nose and throat hospital in the country. In addition to providing patient care, MEE is home to the world's largest vision and hearing research centers, as well as the Harvard Medical School training programs in ophthalmology (eye) and otolaryngology (ENT).

"As we look to advance patient care research and teaching in a rapidly changing health care environment, we believe the best strategic solution for Mass Eye and Ear is to join an integrated health care system," said John Fernandez, President & CEO. "Given our long history of clinical and research collaboration with Partners hospitals, this feels like a clear choice."

Throughout nearly two centuries, MEE clinicians and scientists have enjoyed a close collaboration with colleagues at Massachusetts General Hospital (MGH). MEE physicians provide leadership and staffing for MGH's Departments of Ophthalmology and Otolaryngology, and the two hospitals are physically connected on their main campus. Mass Eye and Ear physicians also lead and staff the Division of Ophthalmology at Brigham and Women's Hospital (BWH) in order to provide the best continuity of care for all of these patients. Mass Eye and Ear has invested in and is now using the Partners Healthcare electronic medical record and patient portal.

"By formally bringing Mass Eye and Ear into the Partners family, we can greatly strengthen the clinical and scientific relationships between our organizations," said Dr. David Reichhorn, President and CEO of Partners HealthCare.

"Together, we can make Mass Eye and Ear services and research accessible to a broader population of patients, further improving the quality of life for thousands of individuals and families."

This transaction with Partners HealthCare will allow Mass Eye and Ear to expand further into the community, setting so patients can receive state-of-the-art specialty care close to home. It will also allow both organizations to provide a continuum of integrated and seamless eye and ENT care options, furthering a patient-centered medical home model between the providers.

The agreement must now undergo due diligence, the negotiation of definitive transaction documents, and a state and federal regulatory review.

### About Massachusetts Eye and Ear

Mass Eye and Ear clinicians and scientists are driven by a mission to find cures for blindness, deafness and diseases of the head and neck. Now united with Schepens Eye Research Institute, Mass Eye and Ear is the world's largest vision and hearing research center, developing new treatments and cures through discovery and innovation. Mass Eye and Ear is a Harvard Medical School teaching hospital and trains future medical leaders in ophthalmology and otolaryngology, through residency, as well as clinical and research fellowships. Internationally acclaimed since its founding in 1822, Mass Eye and Ear employs full-time, board-certified physicians who offer high-quality and affordable specialty care that ranges from the routine to the very complex. In the 2016-2017 Best Hospitals Survey, U.S. News & World Report ranked Mass Eye and Ear #1 in the nation for ear, nose and throat care and #1 in New England for eye care. For more information about life-changing care and research, or to learn how you can help, please visit [MassEyeAndEar.org](http://MassEyeAndEar.org).

[www.MassEyeAndEar.org](http://www.MassEyeAndEar.org)

**NOTICE OF COMMUNITY FORUM/PUBLIC MEETING  
POSTED IN ADMINISTRATIVE AND CLINICAL AREAS AT MEEI**



## **Notice of Public Meeting**

### **Massachusetts Eye and Ear to join Partners HealthCare**

Under the proposed terms, Mass. Eye and Ear will remain its own organization, focused on eye and ENT care, research and teaching.

Current patients will continue to see the same physician and receive the same high quality care that Mass. Eye and Ear strives to provide. However, this new partnership will allow for greater expansion by Mass. Eye and Ear in the community-hospital setting and afford patients access to state-of-the-art specialty services close to home.

If approved by regulators, Partners HealthCare will become the parent organization of Mass. Eye and Ear allowing both organizations to provide a continuum of high-quality ear and ENT services to ensure the patient experience is seamless and integrated.

**Mass. Eye and Ear invites any patient wishing to learn more information to attend a public meeting.**

**April 24, 2017 at 6:00PM**

**Meltzer Auditorium on the 3<sup>rd</sup> floor**

**243 Charles Street, Boston, MA 02114**

**RSVP is not required, but is recommended.**

**Please email [johnrfernandez@meei.harvard.edu](mailto:johnrfernandez@meei.harvard.edu).**

**COMMUNITY FORUM/PUBLIC MEETING FEEDBACK FORM**



**Massachusetts  
Eye and Ear**

Public Meeting Feedback

Email: [johnrfernandez@meei.harvard.edu](mailto:johnrfernandez@meei.harvard.edu)

Call: Office of the President, 617-593-5469 or Jennifer Street,  
VP Communications & Planning, 617-573-2434

Leave written comments/question here:

Leave your contact information here:



## **COMMUNITY FORUM/PUBLIC MEETING PRESENTATION**



**Massachusetts  
Eye and Ear**

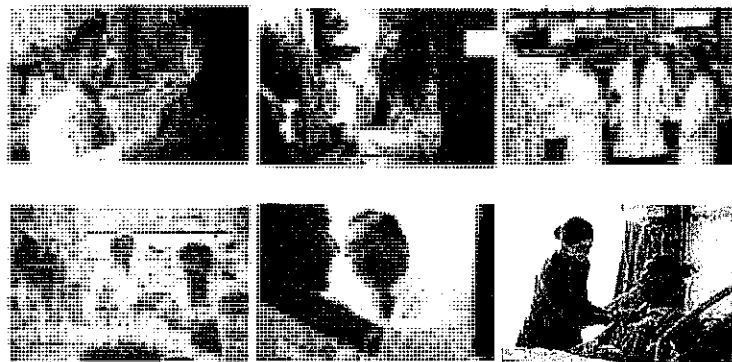


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## **Mass. Eye and Ear & Partners HealthCare**

Public Meeting  
April 24, 2017

## **A Remarkable Place**



2007-2017: Unprecedented success in patient care, research and teaching

**MASS. EYE AND EAR** A Harvard Medical School Teaching Hospital

## Vision and Mission

### Vision

Massachusetts Eye and Ear will be the preeminent world-wide source of advances and leaders in preserving and restoring vision, hearing, balance and voice, as well as in curing disorders of the head and neck.

### Mission

- Provide exceptional clinical care
- Conduct cutting-edge translational & bench research
- Teach tomorrow's leaders & today's medical community

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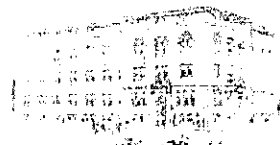
## 194 Years of History in this Community...



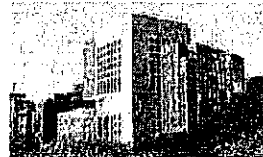
Site in Beethly Square  
Mid 1800's



Massachusetts Eye and Ear Charitable Infirmary  
174 Charles Street, Beacon Hill  
Late 1800's



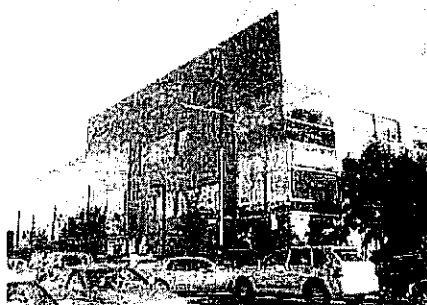
Massachusetts Eye and Ear Charitable Infirmary  
215 Charles Street, West End - early 1900's



Massachusetts Eye and Ear Today

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## ...throughout Boston



### 800 Huntington Avenue

- Ophthalmology outpatient clinics
- 4 Operating Rooms
- Optical Shop

### 1 Joslin Place

- Beetham Eye Clinic at Joslin Diabetes Center

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## and beyond....



Quincy

### Mass. Eye and Ear South

- Quincy (ENT)
- Weymouth (ENT)
- Duxbury (ENT)
- Milton (ENT)

- East Bridgewater (Eye and ENT)
- Braintree Rehab (Vestibular)
- Plainville (Eye)
- Providence, RI (Eye)



Concord

### Mass. Eye and Ear West

- Newton (ENT)
- Concord (ENT)
- Waltham (Eye)
- Wellesley



Stoneham

### Mass. Eye and Ear North

- Malden (Eye)
- Medford (ENT)
- Stoneham
- 1 Montvale Ave – (Eye)
- 41 Montvale Ave – (ENT)



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## Our Ultimate Goal



A promise that every child will see and hear throughout her lifetime...

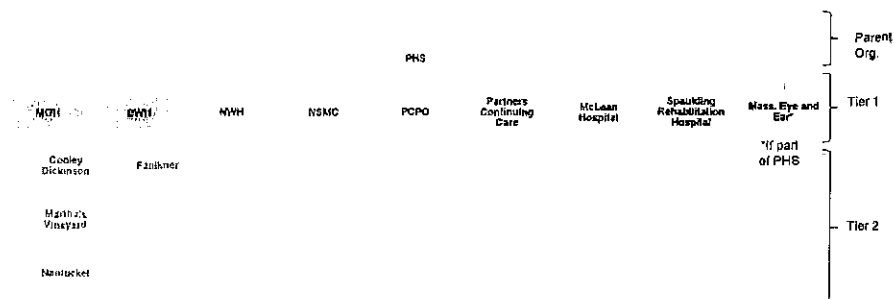
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## Our Next Step...

- Mass. Eye and Ear (MEE) has agreed to be acquired by Partners HealthCare System (PHS) as a "Tier One Hospital" – meaning MEE would remain its own organization and an academic specialty hospital focused on Ophthalmology (Eye) and Otolaryngology (Ear, Nose, Throat) care, research and teaching, with PHS as the parent organization.

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## The Partners Tiered System



Founding members

Note: PHS also owns Neighborhood Health Plan, an insurance company

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## Public Health Need



- Aging population (baby boomers) creates large demand for increased access in vision and hearing care services.

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## Public Health Value

- Improved access for patients
  - Better opportunity for MEE to expand its high-quality care further into the communities where patients live and work
  - In addition to patient office visits in expanded locations, MEE surgeons would now perform surgery at PHS hospital locations outside of Boston.

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## Public Health Value

- Improved quality, seamless integration for primary care patients who need specialty care
  - This includes better continuum of care in electronic medical record:
    - Current state: only MEE physician can see PHS electronic medical record
    - Future state: all MEE staff (ie, nurses, technicians, schedulers) will see your history

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## Public Health Value

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- Cost Savings
  - Rather than make considerable investments by building new community-based surgical centers, use of PHS operating rooms in suburban hospitals will allow MEE to further invest in physicians, staff and state-of-the-art Eye and ENT technology to provide better access and safest care.

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## Questions?

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**PATIENT FAMILY ADVISORY COUNCIL AGENDA  
AND MEETING MINUTES**

**Meeting**  
**Patient Family Advisory Council**  
**February 16, 2017**

1. Proposed Affiliation with Partners: Jennifer Street, Martha Farrell, Eileen Lowell
2. Minutes of January 19, 2017 meeting
3. Update on Audiology: Rebecca Froncki
4. Update on Pre-Op Guide Accessibility
5. Finalize 2017 Goals
6. Update on OT Program at MEE
7. HAWK Pedestrian Crosswalk Signal
8. New Business

**Dial-in Number (Toll-Free): 1-844-790-4577**  
**Conference ID: 79959**  
**Conference Pin: 5094**  
**Conference Date: 2-16-17**

## PFAC MEETING MINUTES

<b>Date:</b>	February 16, 2017
<b>Time:</b>	6:00pm
<b>Place:</b>	Board Room
<b>Present:</b>	Catherine Duffek, Jamie Dendy, Maria Cefalo, Jeanette Kutash, John Smith, Jim Sullivan, Marcy Stiner, Edward Haynesworth, Kathleen Connly, Janet Huettig
<b>Absent:</b>	Jim Trant, David Peters, Christine Peters

<u>TOPIC</u>	<u>DISCUSSION</u>	<u>FOLLOW UP</u>
Proposed Affiliation with Partners	<p>Invited guests: Jennifer Street, Eileen Lowell, Martha Pyle Farrell: Jennifer Street provided an overview of the potential affiliation with Partners. After careful discussion and deliberation with the Board of Directors, MEE Leadership reached out to Partners to discuss the possibility of MEE becoming a member organization of Partners. With our position as #1 in the nation (US News &amp; World Report), significant growth in medical staff, services, and patient volume, we are are holding these discussions from a position of strength and we already have several affiliation agreements including with MGH and BWH. While MEE is proud of its independence; the move to accountable care organizations have changed our ability to thrive in the marketplace.. and we feel the time is right to join an integrated healthcare delivery system.</p> <p>As a member of Partners, we would remain our own organization, but be under the parent umbrella of Partners just like MGH, The Brigham, McLean and other hospitals.</p> <p>A letter of intent has been signed, now there are three major filings with regulators we must go through. The first is to demonstrate that we are not a monopoly. The second filing is with the</p>	

	<p>DPH which has a rigorous review process. The third is with the Healthcare Policy Commission, a state committee which will look really hard at this merger so that we are not driving up costs for patients.</p> <p>Martha Pyle Farrell explained that more and more regulations and burdens are put on hospitals. Jim Sullivan asked about the Stark Law and if this would have any impact. Ms. Farrell explained that it would not. As a separate hospital and due to HIPPA there are a lot of constructs that need to be kept, but as part of Partners it would be much easier to share data.</p> <p>Catherine asked about duplication in some areas and if this would affect staff. It is too early in the process to know what staff might be affected. Catherine expressed her concerns that she would not want to see some of the services the MEE offers (Optical Shop, Vision Rehab, Radiology) be taken over by MGH. Jim Sullivan asked if any study had been done between the failed merger with South Shore Hospital. Ms. Farrell explained that since they were a general hospital the state agencies put a stop to that merger, but we are a specialty hospital and would offer different services. Also, most of our physicians are already part of Partners.</p> <p>Catherine asked about our Research physicians and how they might be impacted. Ms. Farrell explained that all are employees of MEE, but are on the staff at both MEE and MGH and research is being done at both locations.</p> <p>Ms. Street explained that, as we are highly specialized in MRI and CT, we are also getting another MRI and we believe as does Partners that this has value. The MEE and MGH are siblings with Partners the parent. This is not a merger with MGH.</p> <p>Ms. Street explained that they expect to see efficiencies in some areas, mainly</p>	
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	<p>centered in in Research Administration and IT, and possibly financial management.</p> <p>Catherine asked about Schepens and how they would be affected. The MEE acquired Schepens in 2012 and their status as a part of MEE will not change.</p> <p>On the clinical side, being a specialty hospital we do not have PT, RT, so we contract already with MGH and this will continue. We are also not licensed for an ICU.</p> <p>Nursing education will stay, although Partners has a large education component which nursing staff will more easily be able to access.,</p> <p>Jim Sullivan suggested that since areas of integration might include IT and Finance, Schepens would be interested in the jobs that are going to be integrated. MEE should have a very detailed list as to the "how's and whys".</p> <p>Jim Sullivan asked about the charitable status of the hospital. This won't be affected, it is simply a change of control. Partners becomes the sole corporate member, we will remain a 501c(3) as does Schepens.</p> <p>Catherine asked about Partners being the parent how would the corporate structure operate. It was explained that our President and CEO will now be the President only, our board remains in its entirety. Partners may nominate 25% of the board and one of our board members will sit on their board.</p> <p>Jim Sullivan asked about the Project 2020. Ms. Street explained that with this affiliation we have agreed to put this on hold and work with MGH to support building and structures. Once we get through the affiliation, then we can sit down and discuss. MEE already has legislation that has passed saying we can build on the land across the street.</p> <p>Beacon Hill Association and the West End have already requested MEE to work more closely together with MGH.</p>	
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**PRESENTATION TO THE ADVISORY BOARD OF TRUSTEES AND COMMUNITY  
PHYSICIANS ON THE TRANSACTION AND MEETING MINUTES**



**Massachusetts  
Eye and Ear**



**HARVARD MEDICAL SCHOOL  
TEACHING HOSPITAL**

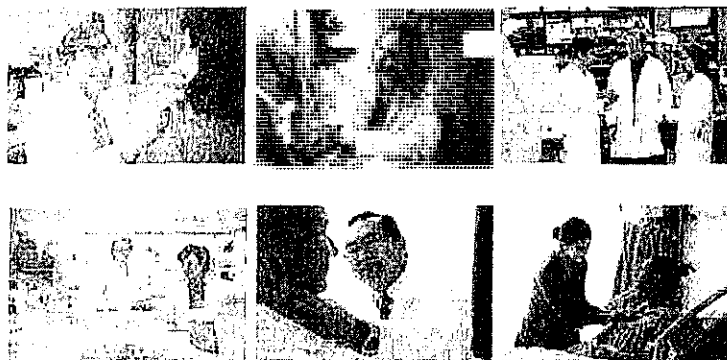
## Trustee Luncheon

Partners Healthcare Presentation

John Fernandez

March 21, 2017

## A Remarkable Place



2007-2017: Unprecedented success in patient care, research and teaching

MASS EYE AND EAR / Harvard Medical School Teaching Hospital

## Executive Summary

Mass. Eye and Ear has agreed to merge with Partners HealthCare System as a "Tier One Hospital" -- meaning MEE would remain an academic specialty hospital focused on Ophthalmology and Otolaryngology care, research and teaching, with PHS as the sole corporate member.

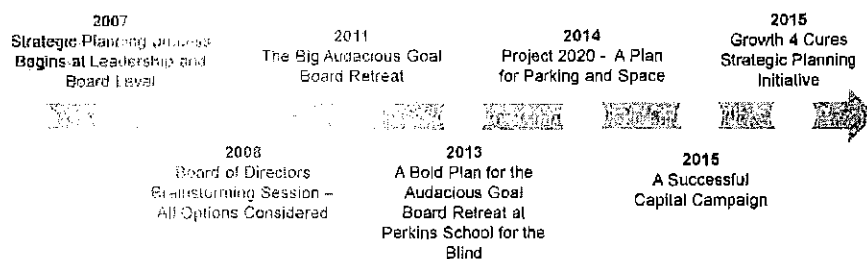
Mass. Eye and Ear approached Partners after careful review of compelling considerations:

- MEE and PHS hospitals are already highly integrated.
- PHS is an integrated system with a large network and referral base.
- Merging with PHS affords MEE the opportunity to maintain and expand non-PHS relationships.
- Merging enhances access to capital for MEE, and allows for the distribution of overhead across a larger system.
- Aligning with PHS opens up the opportunity to achieve market-competitive hospital rates.
- The time is right - leadership is in place to accomplish our mutual goals.

**MASS. EYE AND EAR** A Harvard Medical School Teaching Hospital

## Bold, Responsive Strategic Planning and Implementation

- Over the past decade, Mass. Eye and Ear has continuously evaluated the strategic direction of the organization and alternatives for meeting patient demand and continuing research.
- This appraisal has included Leadership review, Board of Directors retreats, as well as assessment by nationally recognized consulting firms (e.g. Navigant Consulting, The Camden Group, and Allen and Gerritsen) and many other local and national experts.
- In addition to our planning, three significant financial events occurred: the QLT judgment (2009), the merger with SERI (2011), and the Outcomes sale (2012). The SERI merger created the largest eye research organization. QLT and Outcomes provided us with substantial financial resources to invest.



**MASS. EYE AND EAR** A Harvard Medical School Teaching Hospital



## A History of Eye and Ear Hospitals: All But Mass. Eye and Ear in Larger Systems

- The past four decades have brought great change to the landscape of eye and/or ear hospitals in the U.S.
- Of the top 30 hospitals for eye and ear care, only one remains independent: Mass. Eye and Ear.
- The years since 1970 have been a period of active market consolidation; below are a few examples.

• In 1985, the University Medical Center at the University of Pittsburgh consolidated into the Medical and Health Care Division (MHCD).

• After 131 years as an independent entity, in 2000 Manhattan Eye, Ear and Throat Hospital became affiliated with Lenox Hill Hospital and was reconfigured as a center for Primary Care and Orthopedics.

• In 1972, Wills Eye affiliated with Jefferson Medical College of Thomas Jefferson University and serves as Thomas Jefferson University's Department of Ophthalmology. Wills Eye is owned by the Trustees of the City of Philadelphia.

• In 1990, MHCD acquired Montefiore Hospital and merged with Presbyterian University Hospital; this entity was renamed the University of Pittsburgh Medical Center.

• In 1990, the Otology Medical Group, founded in 1947 by Howard P. House, changed its name to the House Ear Clinic.

• In 1997, the Eye Foundation Hospital joined the University of Alabama Health System. In 1999, Dr. Alston Callahan's name was added to the title, becoming the UAB Callahan Eye Center.

• In 2013, New York Eye and Ear Infirmary became part of the Icahn School of Medicine at Mount Sinai and the Mount Sinai Health System.

• In 2014, the House Ear Clinic signed a letter of intent to form a clinical, research and educational partnership with UCLA.

• In 2015, the Doheny Eye Center was acquired by the Jules Stein Eye Center at UCLA.

MASS. EYE AND EAR: A Harvard Medical School Teaching Hospital

## Terms of Merger - Overview

### Governance

- MEE Tier 1
- MEE will retain downtown campus and hospital license
- MEE 1 Board spot on PHS Board
- PHS may appoint 25% of the MEE Board

### Capital Plans

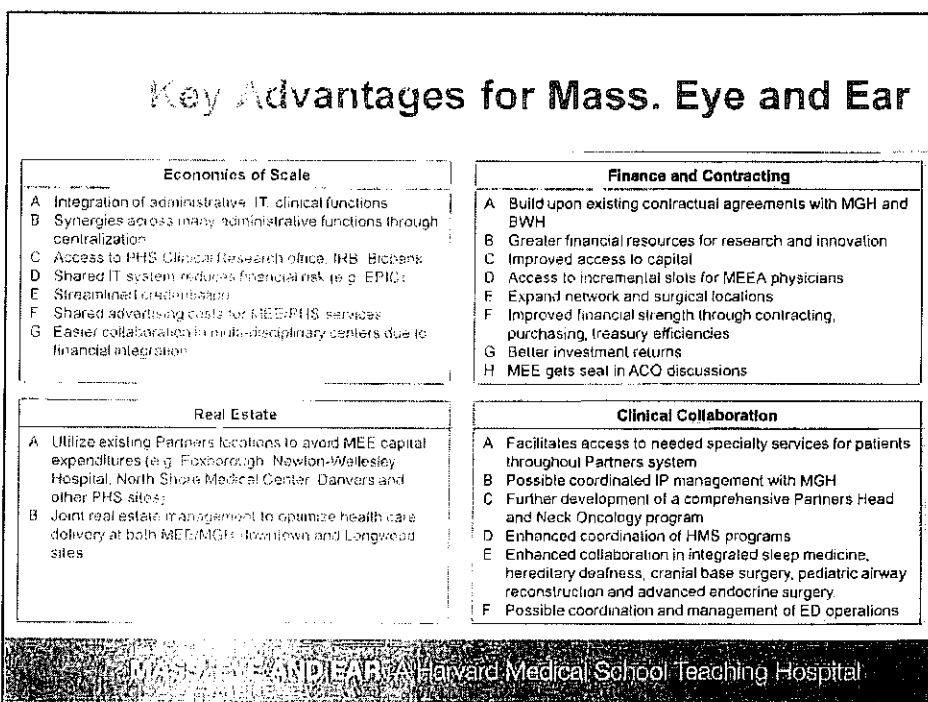
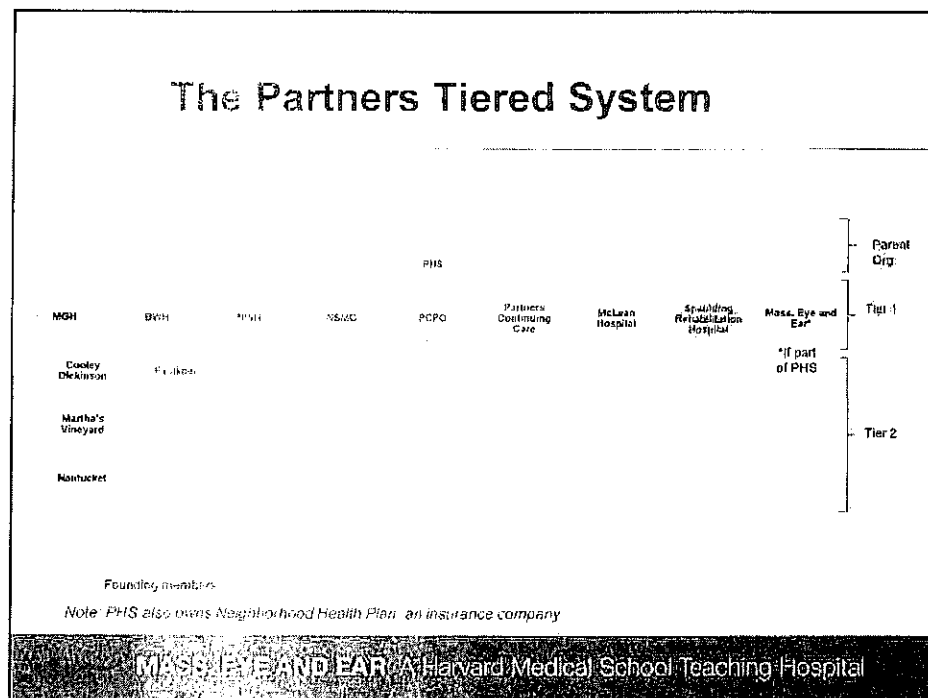
Per PHS policies,

- Annual capital allocation at 65% of depreciation (approximately \$14M/year)
- Over 10 years, capital allocation equal to 125% of depreciation, for projects approved by PHS Finance Committee

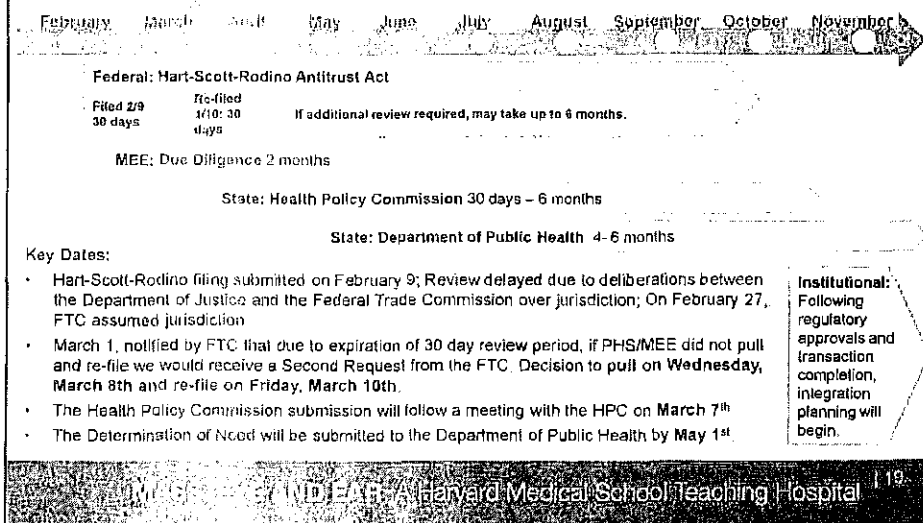
### Operating and Financial Impacts

- PHS to make 'best efforts' to help MEE achieve market competitive rates
- Agreement to affirm financial commitments to research via committed funds on balance sheet
- MEE to provide ORL and OPH services for PHS and create shared financial model for doing so.
- Short term financial pro forma (FY17 – FY21) shows positive financial impact to PHS and opportunities for MEE for improvement over time to meet and exceed a 2% margin

MASS. EYE AND EAR: A Harvard Medical School Teaching Hospital



## The Journey Toward Joining Partners: Mass. Eye and Ear Steps During FY17



## Next Steps

- 1 Complete due diligence
- 2 Complete regulatory review process in parallel with due diligence, etc.
- 3 Continue public relations campaign (internal and external)
- 4 Finalize merger (6-12 months)
- 5 Commence integration planning after merger closes

**Trustee Lunch and Learn**

**Tuesday, March 21**

**11:30am**

Attendees: John Fernandez; David Vargo; Sheila Collins; Georgette Boucai; Vivian Beard; Ken Rossano; Jonathan Keyes; Frank Carroll; Tiina Smith; Clas Dohlman; Ed Kutchin; George Migausky; Melissa Paul

Chair David Vargo welcomed group and thanked John Fernandez for hosting; shared that Tiina Smith will be announced as a Trustee in June

John Fernandez explained the merger process

David Vargo asked if merger meant better rates for MEE?

John explained there is no guarantee of better rates in the agreement.

John reviewed strategic plan, including new corporate structure. Questions regarding the make-up of the board. John explained we will have one spot on PHS board and PHS will appoint 25% of MEE board. Used example of PHC examples of positive change at Newton-Wellesley and the need to make changes at North Shore Medical Center.

Tiina Smith asked what it means that we are currently "lowest paid?"

Answer: John explained reimbursement from third party payors.

John: ability to bring surgery to under utilized OR's in Newton-Wellesley, Foxboro, Danvers and others is exciting opportunity. will mean vastly improved access for patients – with high quality care closer to their homes. And from cost saving perspective, it would save us from spending millions in capital.

John: Explained Tier 1 significance and also benefits to research.

Used cost savings example of leveraging Partners Treasury – rather than independent as we have it now – will save us significant dollars.

Conversation shifted to real estate review – MGH/MEE campus

John: Mentioned handouts (MEE annual report) successes highlighted; fundraising updates; NIH cuts. We are the only remaining eye and ear specialty hospital in the US.

Ken Rossano shared benefits of system from McLean perspective where he is an Honorary Trustee – good things are happening.

Questions about how we relate to other OPH practices – specifically OCB.

Answer: John explained they are private practice (for profit) and that we have no formal relationship, but many of their surgeons have clinical privileges here.

George Migausky asked a question about staff reaction

Answer: John mentioned it was positive, most were not surprised. Faculty feel it can only help. Staff who could be potentially impacted by centralization (finance/IT/legal) taking a “wait and see” attitude.

Ed Kutchin asked why the conversations have progressed to this point this time, when in past they have stalled.

Answer: John replied it was due to timing and people – we have great Board leadership.

Tiina Smith asked what is the biggest risk to Mass. Eye and Ear?

Answer: 2 things: long, drawn out approval process and if implementation slowed any of our progress  
Then what would happen? Might not get approved, would be difficult for MEE moving forward.

Ken Rossano inquired about future Partners expansion plans – would they include us?

Answer: Yes...but too soon for conversation.

Asked about specific plans for NWH

Answer: not yet – too soon for conversation.

Question: what will happen with Project 2020?

Answer: John hopes they see it as a good long term investment - but it is in holding pattern at moment.

David asked about systems –

Answer: John explained we are both on Epic, but as part of PHS, will be less cumbersome and improve quality of care for patients (and providers.)

Vivian Beard asked about PHC influence on Board – will it be more than 25%?

Answer: No. All appointments, with the exception of the President, remain at Mass. Eye and Ear discretion. Chiefs still require MGH sign-off. PHC will review and hire next President. CFO has dual reporting role to President here and CFO at Partners.

Ken Rossano asked about any changes with HMS.

Answer: None.

Frank Carroll asked on scale of 1-10, what are the chances of approval?

Answer: John said we should be able to get this done. The general population already thinks we are part of Partners.

Concerns with current presidential administration?

Answer: John said should not be a factor – this does not violate anti-trust laws. Massive impact from new policies, reimbursement rates, NIH funding cuts

Ken Rossano asked how other health systems handle eye services, including BI.

Answer: John said we have tried and will continue to try and partner with them - and others.

Luncheon wrapped up.

**COPY OF JOHN FERNADEZ'S REMARKS AT THE PRESIDENT'S LECTURE**

5-2-17 – John Fernandez

President's Lecture

Audience: 40 guests/patients with an interest in Tinnitus research

Now - I want to tell you about our effort to join Partners HealthCare.

- As you may already be aware, Mass. Eye and Ear reached an agreement earlier this year to formally become a member hospital of Partners HealthCare.
- Under the proposed terms, Mass. Eye and Ear stays the same .... its own organization, with its own name.... and our patients will continue to see the same physicians and receive the same high quality care. Partners would be our parent company.
- The new partnership will enable us to expand and do more surgery in the community-hospital setting, giving patients better access to our high quality, state-of-the-art specialty services closer to your homes.
- Not only will access for patients improve, but there will be quality improvements – especially around the electronic medical record --- and --- we expect the collaboration to save a lot of money.
- We are in a regulatory process now... but when it is done, but we hope this will be approved by the end of 2017!
- I'm happy to answer any questions... (none was asked.)



**CORRESPONDENCE TO NEIGHBORS REGARDING THE TRANSFER OF  
OWNERSHIP**



May 5, 2017

Dear Neighbor,

As you may be aware, Mass. Eye and Ear has reached an agreement to formally become a member hospital of Partners HealthCare. Under the proposed terms, Mass. Eye and Ear will remain its own organization, focused on eye and ear, nose, throat (ENT) care, research and teaching. Any current patients will continue to see the same physician and receive the same high quality care that Mass. Eye and Ear strives to provide. However, this new partnership will allow for greater expansion by Mass. Eye and Ear in the community-hospital setting and afford patients access to state-of-the-art specialty services close to home.

If approved by regulators, Partners HealthCare will become the parent organization of Mass. Eye and Ear, allowing both organizations to provide a continuum of high-quality eye and ENT services to ensure the patient experience is seamless and integrated.

While we work through the approval process with state regulators, we do not plan any further action on the proposed project to construct an underground garage and to expand the Mass. Eye and Ear main building. Development of a Mass. Eye and Ear institutional master plan would occur after this change of ownership and we will look forward then to the full participation of our community and neighbors.

If you have questions about the proposed change of ownership, please do not hesitate to reach out. I can be reached at:

John Fernandez  
President & CEO  
Mass. Eye and Ear  
243 Charles Street  
Boston, MA 02114  
617-573-3006  
[johnfernandez@meei.harvard.edu](mailto:johnfernandez@meei.harvard.edu)

Sincerely,

John Fernandez  
President & CEO

**COPIES OF CORRESPONDENCE TO LOCAL COMMUNITY GROUPS AND  
ELECTED OFFICIALS REGARDING THE TRANSFER OF OWNERSHIP**

## **Street, Jennifer**

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**From:** Street, Jennifer  
**Sent:** Friday, May 05, 2017 10:23 AM  
**To:** 'Josh.Zakim@boston.gov'  
**Subject:** Mass. Eye and Ear update  
**Attachments:** Mass. Eye and Ear - Community Update - 05-05-17.pdf

Dear Councilor Zakim,

I hope this finds you well.

I wanted you to see the update we are sending to Beacon Hill and West End Boards today.

I have attached a PDF copy – from John Fernandez, our president and CEO.

If you (or anyone) has further questions/concerns – please feel free to send them to me – or to the contact info on the letter.

Many thanks!

Jennifer

Jennifer Street  
Vice President Communications & Planning  
Massachusetts Eye and Ear  
O: 617-573-3811  
C: 617-593-5469

**Street, Jennifer**

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**From:** Street, Jennifer  
**Sent:** Friday, May 05, 2017 10:14 AM  
**To:** 'Livingstone, Jay - Rep. (HOU)'  
**Subject:** FW: Mass. Eye and Ear update for BHCA  
**Attachments:** Mass. Eye and Ear - Community Update - 05-05-17.pdf

Jay..

Hope you are well.

We are sending this update to BH and WE civic associations today.

We are making our way through the regulatory process... still hopeful to have done by end of calendar year.

Call / email with questions.

Thanks,  
Jen

**Street, Jennifer**

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**From:** Street, Jennifer  
**Sent:** Friday, May 05, 2017 10:17 AM  
**To:** 'kevinmcn@bellatlantic.net'  
**Subject:** Mass. Eye and Ear update for West End Council  
**Attachments:** Mass. Eye and Ear - Community Update - 05-05-17.pdf

Dear Kevin,

I hope this finds you well.

I am hoping that you might be able to forward to the West End Council this update from Mass. Eye and Ear.

I have attached a PDF copy – from John Fernandez, our president and CEO,

If you (or anyone) has further questions/concerns – please feel free to send them to me – or to the contact info on the letter.

Many thanks!  
Jennifer

Jennifer Street  
Vice President Communications & Planning  
Massachusetts Eye and Ear  
O: 617-573-3811  
C: 617-593-5469

## **Street, Jennifer**

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**From:** Street, Jennifer  
**Sent:** Friday, May 05, 2017 9:57 AM  
**To:** 'weca.boston@gmail.com'  
**Cc:** 'joemcdonald.westend@verizon.net'; 'BWC1994@rcn.com'; 'jbwilson@rcn.com'  
**Subject:** Mass. Eye and Ear update for WECA  
**Attachments:** Mass. Eye and Ear - Community Update - 05-05-17.pdf

Dear Members of the West End Civic Association Board,

I am hoping that you might be able to forward to all Board members or to the entire membership (whichever you think most appropriate) this update from Mass. Eye and Ear.

I have attached a PDF copy – from John Fernandez, our president and CEO.

If you (or anyone) has further questions/concerns – please feel free to send them to me – or to the contact info on the letter.

Many thanks!  
Jennifer

Jennifer Street  
Vice President Communications & Planning  
Massachusetts Eye and Ear  
O: 617-573-3811  
C: 617-593-5469

**Street, Jennifer**

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**From:** Street, Jennifer  
**Sent:** Friday, May 05, 2017 9:39 AM  
**To:** 'Patricia Tully'  
**Subject:** Mass. Eye and Ear update for BHCA  
**Attachments:** Mass. Eye and Ear - Community Update - 05-05-17.pdf

Dear Patricia,

I hope this finds you well.. even on a rainy Friday!

I am hoping that you might be able to forward to the BCHA Board or to the entire membership (whichever you think most appropriate) this update from Mass. Eye and Ear.

I have attached a PDF copy – from John Fernandez, our president and CEO.

If you (or anyone) has further questions/concerns – please feel free to send them to me – or to the contact info on the letter.

Many thanks!  
Jennifer

Jennifer Street  
Vice President Communications & Planning  
Massachusetts Eye and Ear  
O: 617-573-3811  
C: 617-593-5469



**Attachment/Exhibit**

**3**

### References

- [1] Fiscal year October 1 – September 30.
- [2] Includes hospital billing data (Brigham and Women's Hospital, Brigham and Women's Faulkner Hospital, Massachusetts General Hospital, Newton-Wellesley Hospital, and North Shore Medical Center) and physician billing data (Brigham and Women's Physicians Organization, Massachusetts General Physicians Organization, North Shore Physician Group, Newton-Wellesley Ambulatory Services).
- [3] *Fiscal Year 2015: Partners HealthCare System*, MASSACHUSETTS CENTER FOR HEALTH INFORMATION ANALYSIS, <http://www.chiamass.gov/assets/docs/r/hospital-profiles/2015/Partners-HealthCare-System.pdf> (last visited Jul. 11, 2017).
- [4] *Id.*
- [5] With the exception of the category "Hispanic/Latino", the race categories shown above are based on the 1997 Office of Management and Budget standards on race and ethnicity. Patients were grouped into these categories based on their responses as follows – White: "White"; African American or Black: "African American", "Black", "Black or African American"; American Indian or Alaska Native: "American Indian", "American Indian or Alaska Native"; Asian: "Asian"; Native Hawaiian or Other Pacific Islander: "Native Hawaiian or Other Pacific Islander", "Native Hawaiian/Other Pacific Islander", "Pacific Islander"; Hispanic/Latino: "Hispanic", "Hispanic or Latino", "Latino"; Other/Unknown: All other responses.
- [6] Based on presence of relevant diagnosis code (ICD-9 or ICD-10).
- [7] *Vision Problems in the U.S.*, PREVENT BLINDNESS AMERICA, <http://www.visionproblemsus.org/index.html> (last visited May 5, 2017).
- [8] MASSACHUSETTS DEPARTMENT OF PUBLIC HEALTH, MASSACHUSETTS COMMUNITY HEALTH INFORMATION PROFILE – DIABETES REPORT FOR MASSACHUSETTS TOTAL 3 (JUN. 4, 2013), available at [http://www.mass.gov/eohhs/researcher/community-health/masschip/diabetes.html#state\\_total](http://www.mass.gov/eohhs/researcher/community-health/masschip/diabetes.html#state_total). Diabetes prevalence is highest for the age cohort of 65+, at 17.9%, when compared to all other cohorts. *Id.* The prevalence rates also increase for each successive age cohort. *Id.* Similarly, the age-adjusted incidence rates for oral cavity and pharynx cancer increases with age as well. MASSACHUSETTS DEPARTMENT OF PUBLIC HEALTH MASSACHUSETTS COMMUNITY HEALTH INFORMATION PROFILE – ORAL CAVITY AND PHARYNX CANCER REPORT FOR MASSACHUSETTS TOTAL 4 (JUN. 4, 2013), available at [http://www.mass.gov/eohhs/researcher/community-health/masschip/oral-cavity-and-pharynx-cancer.html#state\\_total](http://www.mass.gov/eohhs/researcher/community-health/masschip/oral-cavity-and-pharynx-cancer.html#state_total).
- [9] UNIVERSITY OF MASSACHUSETTS DONAHUE INSTITUTE, LONG-TERM POPULATION PROJECTIONS FOR MASSACHUSETTS REGIONS AND MUNICIPALITIES 11 (Mar. 2015), available at [http://pep.donahue-institute.org/downloads/2015/new/UMDI\\_LongTermPopulationProjectionsReport\\_2015%2004%20\\_29.pdf](http://pep.donahue-institute.org/downloads/2015/new/UMDI_LongTermPopulationProjectionsReport_2015%2004%20_29.pdf). The Massachusetts Secretary of the Commonwealth contracted with the University of Massachusetts Donahue Institute (UMDI) to produce population projections by age and sex for all 351 municipalities. *Id.* at 7. Within the past five years, Massachusetts has been experiencing an increase in the population growth rate per year due to high immigration and low domestic outflow, which is expected to slow down in 2030. *Id.* at 12.
- [10] *Massachusetts Population Projections – EXCEL Age/Sex Details*, UNIVERSITY OF MASSACHUSETTS DONAHUE INSTITUTE (2015), [http://pep.donahue-institute.org/downloads/2015/Age\\_Sex\\_Details\\_UMDI\\_V2015.xls](http://pep.donahue-institute.org/downloads/2015/Age_Sex_Details_UMDI_V2015.xls). This data has been extracted for counties where current Partners HealthCare's hospitals and affiliates are located. *Id.*
- [11] UNIVERSITY OF MASSACHUSETTS DONAHUE INSTITUTE, *supra* note 9, at 14. The report uses the cohorts as defined by the U.S. Census Bureau 2010 Census Summary, which are 0-19, 20-39, 40-64, and 65+. *Id.* Figure 2.5 in the report demonstrates that where the 65+ cohort increases from 2015 to 2035, all other cohorts are predicted to decrease. *Id.*

- [12] *Id.*
- [13] *Vision Problems in the U.S.*, *supra* note 7.
- [14] *National Health Interview Survey*, NATIONAL CENTER FOR HEALTH STATISTICS (2011), *available at* [www.cdc.gov/nchs/nhis.htm](http://www.cdc.gov/nchs/nhis.htm). This data was cited to within a Special Report released by the American Foundation for the Blind which noted that this data was collected from noninstitutionalized civilians only and did not include seniors within nursing homes. *Special Report on Aging and Vision Loss*, AMERICAN FOUNDATION FOR THE BLIND, <http://www.afb.org/info/blindness-statistics/adults/special-report-on-aging-and-vision-loss/235#two> (last updated Jan. 2013). The Special Report suggests that the rate of vision loss may actually be substantially greater than what was data demonstrated within the National Health Interview Survey. *Id.*
- [15] CENTERS FOR DISEASE CONTROL AND PREVENTION, NATIONAL DIABETES STATISTICS REPORT 1 (2014), *available at* <https://www.cdc.gov/diabetes/pdfs/data/2014-report-estimates-of-diabetes-and-its-burden-in-the-united-states.pdf>.
- [16] DS Ting *et al.*, *Diabetic retinopathy: global prevalence, major risk factors, screening practices and public health challenges: a review*, 44 CLINICAL & EXPERIMENTAL OPHTHALMOLOGY 260, 260-77 (2016).
- [17] JW Yau *et al.*, *Global prevalence and major risk factors of diabetic retinopathy*, 35 DIABETES CARE 556, 556-64 (2012).
- [18] *Improving Diagnoses of Oral Cancer*, CHRONIC DISEASE NOTES AND REPORTS (SPECIAL FOCUS: CANCER) 14 (2000).
- [19] *Oral Cavity and Oropharyngeal Cancer Screening (PDQ®) – Patient Version*, NATIONAL CANCER INSTITUTE, [https://www.cancer.gov/types/head-and-neck/patient/oral-screening-pdq#section/\\_8](https://www.cancer.gov/types/head-and-neck/patient/oral-screening-pdq#section/_8) (last updated Jun. 5, 2017). The aging population is less likely to visit their dentists, a statistic that the CDC has reasoned is largely due to the lack of dental insurance after retirement. *Adult Oral Health*, CENTERS FOR DISEASE CONTROL AND PREVENTION, [https://www.cdc.gov/oralhealth/publications/factsheets/adult\\_oral\\_health/adult\\_older.htm](https://www.cdc.gov/oralhealth/publications/factsheets/adult_oral_health/adult_older.htm) (last updated Jul. 10, 2013).
- [20] *2013 Cancer Types Grouped by State and Region*, CENTERS FOR DISEASE CONTROL AND PREVENTION, <https://nccd.cdc.gov/uscs/cancersbystateandregion.aspx> (last visited May 4, 2017).
- [21] *Cancer Stat Facts: Cancer of Any Site*, NATIONAL CANCER INSTITUTE, <https://seer.cancer.gov/statfacts/html/all.html> (last visited Jul. 12, 2017).
- [22] MASSACHUSETTS CENTER FOR HEALTH INFORMATION AND ANALYSIS, 2016 ANNUAL REPORT ON THE PERFORMANCE OF THE MASSACHUSETTS HEALTH CARE SYSTEM (Sep. 2016), *available at* <http://www.chiamass.gov/assets/2016-annual-report/2016-Annual-Report-rev-1.pdf>.
- [23] *Id.*
- [24] *Accountable Care Organizations*, THE DARTMOUTH INSTITUTE, <http://tdi.dartmouth.edu/research/evaluating/health-system-focus/accountable-care-organizations> (last visited Jul. 12, 2017).
- [25] *Accountable Care Organizations (ACO)*, CENTERS FOR MEDICARE & MEDICAID SERVICES, <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ACO/> (last updated May 12, 2017).
- [26] *Id.*
- [27] *Id.*
- [28] Ally C. Evans, *Guest Post: Accountable Care Reflects Paradigm Shift from Volume to Value*, HEALTHCARE INTELLIGENCE NETWORK (Mar. 29, 2013), <http://hin.com/blog/2013/03/29/guest-post-accountable-care-reflects-paradigm-shift-from-volume-to-value/>.
- [29] Jim Lloyd & Katherine Heflin, *Massachusetts' Medicaid ACO Makes a Unique Commitment to Addressing Social Determinants of Health*, CENTER FOR HEALTH CARE STRATEGIES, INC. (Dec.

- 19, 2016), <https://www.chcs.org/massachusetts-medicaid-aco-makes-unique-commitment-addressing-social-determinants-health/>.
- [30] *Id.*
- [31] Leslie Korenda & Sarah Thomas, *Integrating Specialty Care Into Accountable Care Organizations: Perspectives From The Field*, HEALTH AFFAIRS BLOG (Jan. 19, 2016), <http://healthaffairs.org/blog/2016/01/19/integrating-specialty-care-into-accountable-care-organizations-perspectives-from-the-field/>.
- [32] *Id.*
- [33] *Id.*
- [34] *Id.*
- [35] *Id.*
- [36] *Id.*
- [37] Samuel J. Wang et al., *A Cost-Benefit Analysis of Electronic Medical Records in Primary Care*, 114 AM. J. MED. 397 (2003), available at [http://www.amjmed.com/article/S0002-9343\(03\)00057-3/pdf](http://www.amjmed.com/article/S0002-9343(03)00057-3/pdf); NATIONAL ACADEMY OF SCIENCES, CROSSING THE QUALITY CHASM: A NEW HEALTH SYSTEM FOR THE 21ST CENTURY 5 (2001), available at <http://www.nationalacademies.org/hmd/~/media/Files/Report%20Files/2001/Crossing-the-Quality-Chasm/Quality%20Chasm%202001%20%20report%20brief.pdf>. Research shows that the impact of information technology on quality of health care impacts multiple sectors within the care system, including efficiency of care delivery and reduced cost to providers. Wang et al., *supra*; NATIONAL ACADEMY OF SCIENCES, *supra*.
- [38] M. Sue Kirkman et al., *Impact of a Program to Improve Adherence to Diabetes Guidelines by Primary Care Physicians*, 25 DIABETES CARE 1946, 1949 (2002), available at <http://care.diabetesjournals.org/content/diacare/25/11/1946.full.pdf> (summarizing various studies demonstrating impact of integrated medical records systems on diabetes care). Enhancements that provide computerized reminders provide additional adherence to best practices for managing diabetes as a health care provider. *Id.*
- [39] Wang, et al., *supra* note 40, at 400. The Wang study showed that the net benefit of implementing a full medical record system was estimated at \$86,400 savings per provider. *Id.* Two types of costs were discussed, system costs and induced costs. *Id.* System costs are defined as ongoing costs as a result of managing and operating the records system. *Id.* Induced costs were incurred up front, and focused on the cost to implement and transition to the new records system. *Id.*
- [40] Quality staff from Partners HealthCare and MEEI will define “Partners HealthCare patients” for this measure.
- [41] INSTITUTE OF MEDICINE, UNEQUAL TREATMENT: CONFRONTING RACIAL AND ETHNIC DISPARITIES IN HEALTH CARE (Brian D. Smedley et al. eds., 2002).
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- [44] Geoffrey C. Williams et al., *Variation in perceived competence, glycemic control, and patient satisfaction: relationship to autonomy support from physicians*, 57 PATIENT EDUC. & COUNS. 39 (2005).
- [45] Richard L. Street, Jr. et al., *Understanding Concordance in Patient-Physician Relationships: Personal and Ethnic Dimensions of Shared Identity*, 6 ANNALS FAM. MED. 198 (2008).
- [46] Thomas A. LaVeist & Amani Nuru-Jeter, *Is Doctor-patient Race Concordance Associated with Greater Satisfaction with Care?*, 43 J. HEALTH & SOC. BEHAV. 296, 298 (2002), available at <http://www.aleciashepherd.com/writings/articles/other/Is%20Doctor-Patient%20Race%20Concordance%20Associated.pdf>.

- [47] *Id.* at 303.
- [48] *Id.* at 298-99.
- [49] *Id.* at 303.
- [50] *Id.*
- [51] S. Saha et al., *Do Patients Choose Physicians Of Their Own Race?* 19 HEALTH AFF. 76 (2000), available at <http://content.healthaffairs.org/content/19/4/76.long>; LaVeist & Nuru-Jeter, *supra* note 49, at 298.
- [52] LaVeist & Nuru-Jeter, *supra* note 49, at 303.
- [53] *Id.* at 296 (suggesting link between better communication and increased patient satisfaction).

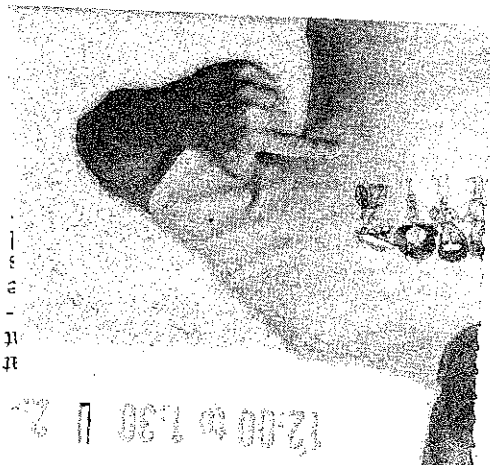
## **Attachment/Exhibit**

**4**

\* Wheels For Wishes is a DBA of Car Donation Foundation.

## PUBLIC ANNOUNCEMENT CONCERNING A PROPOSED HEALTH CARE PROJECT

Partners HealthCare System, Inc. ("Applicant") located at 800 Boylston Street, Suite 1150, Boston, MA 02199 intends to file a Notice of Determination of Need with respect to the change in corporate control of Massachusetts Eye and Ear Infirmary ("MEEI") located at 243 Charles Street, Boston, MA 02114. The Applicant intends to acquire control of MEEI by becoming the sole corporate member of MEEI's parent organization, Foundation of Massachusetts Eye and Ear Infirmary, Inc. MEEI is a not-for-profit specialty hospital dedicated to the care of, and research and teaching relating to, disorders that affect the eye, ear, nose, throat and adjacent regions of the head and neck. The total value of the project based on the net patient service revenue of MEEI is \$185,328,882. The Applicant does not anticipate any price or service impacts on the Applicant's existing Patient Panel as a result of this transaction. Any ten Taxpayers of Massachusetts may register in connection with the intended Application or amendment by no later than 20 days of the filing of the Notice of Determination of Need by contacting the Department of Public Health, Determination of Need Program, 250 Washington Street, 6th Floor, Boston, MA 02108.



FRIDAY, JUNE 2, 2017 BOSTON HERALD

12:00 to 1:30 U 2

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LEGAL NOTICES				LEGAL NOTICES				LEGAL NOTICES			
<p align="center"><b>PUBLIC ANNOUNCEMENT CONCERNING A PROPOSED HEALTH CARE PROJECT</b></p> <p>Partners HealthCare System, Inc. ("Applicant") located at 800 Boylston Street, Suite 1150, Boston, MA 02199 intends to file a Notice of Determination of Need with respect to the change in corporate control of Massachusetts Eye and Ear Infirmary ("MEEI") located at 243 Charles Street, Boston, MA 02114. The Applicant intends to acquire control of MEEI by becoming the sole corporate member of MEEI's parent organization, Foundation of Massachusetts Eye and Ear Infirmary, Inc. MEEI is a not-for-profit specialty hospital dedicated to the care of, and research and teaching relating to, disorders that affect the eye, ear, nose, throat and adjacent regions of the head and neck. The total value of the project based on the net patient service revenue of MEEI is \$185,328,882. The Applicant does not anticipate any price or service impacts on the Applicant's existing Patient Panel as a result of this transaction. Any ten Taxpayers of Massachusetts may register in connection with the intended Application or amendment by no later than 20 days of the filing of the Notice of Determination of Need by contacting the Department of Public Health, Determination of Need Program, 250 Washington Street, 6th Floor, Boston, MA 02108.</p>											

BOSTON HERALD FRIDAY, JUNE 2, 2017

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# RETURN OF PUBLICATION

I, the undersigned, hereby certify under the pains and penalties of perjury, that I am employed by the publishers of the *Boston Herald* and the following Public/Legal announcement was published in two sections of the newspaper on June 2, 2017 accordingly:

- 1) "Public Announcement Concerning a Proposed Health Care Project" page 20 Legal Notice Section.

(check one)   X   Size at least two inches high by three columns wide  
                   Size at least three inches high by two columns wide

- 2) "Public Announcement Concerning a Proposed Health Care Project" page 11, Main News Section.

(check one)   X   Size at least two inches high by three columns wide  
                   Size at least three inches high by two columns wide

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Mary Halahan  
Signature

Mary Halahan  
Name

Legal Advertising Representative  
Title

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## **Attachment/Exhibit**

**5**

**Partners HealthCare System, Inc.**

**Analysis of the Reasonableness of  
Assumptions Used For and  
Feasibility of Projected Financials of  
Partners HealthCare System, Inc.  
For the Years Ending September 30, 2017  
Through September 30, 2021**

***Prepared by:  
BDO USA, LLP  
June 29, 2017***

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BDO CONSULTING  
Heinz 57 Center  
339 Sixth Avenue, 8th Floor  
Pittsburgh, PA 15222

June 29, 2017

Mr. Brian Huggins  
Partners HealthCare Systems, Inc.  
399 Revolution Drive STE 645  
Somerville, MA 02145

**RE: Analysis of the Reasonableness of Assumptions and Projections Used to Support the Financial Feasibility and Sustainability of the Proposed Change in Ownership of Massachusetts Eye and Ear Infirmary, Inc.**

Dear Mr. Huggins:

We have performed an analysis of the financial projections prepared by Partners HealthCare System, Inc. ("Partners") detailing the projected operations of Partners including the projected operations of Massachusetts Eye and Ear Infirmary, Inc. ("MEEI"). This report details our analysis and findings with regards to the reasonableness of assumptions used in the preparation and feasibility of, the projected financial information of Partners as prepared by the management of Partners ("Management"). This report is to be included by Partners in its Determination of Need ("DON") Application - Factor 4(a) and should not be distributed or relied upon for any other purpose.

**I. EXECUTIVE SUMMARY**

The scope of our analysis was limited to an analysis of the five year consolidated financial projections (the "Projections") prepared by Partners as well as the actual operating results for Partners and MEEI for the fiscal years ended 2015 and 2016 ("Base Budget"), and the supporting documentation in order to render an opinion as to the reasonableness of assumptions used in



the preparation and feasibility of the Projections with regards to the impact of the consolidation of MEEI into Partners.

The impact of consolidating MEEI with Partners represents a relatively insignificant component of the projected operating results and financial position of Partners. As such, we determined that the Projections were not likely to result in a scenario where there are insufficient funds available for capital and ongoing operating costs necessary to support the proposed merger. Therefore, it is our opinion that the Projections are financially feasible for Partners as detailed below.

## **II. RELEVANT BACKGROUND INFORMATION**

Refer to Factor 1 of the application for description of Partners, MEEI and the rationale for the transaction.

## **III. SCOPE OF REPORT**

The scope of this report is limited to an analysis of the five year financial projections prepared by Partners (the "Projections") and the supporting documentation in order to render an opinion as to the reasonableness of assumptions used in the preparation and feasibility of the Projections with regards to the impact of the consolidation of MEEI into Partners. Our analysis of the Projections and conclusions contained within this report are based upon our detailed review of all relevant information (see Section IV which references the sources of information). We have gained an understanding of Partners and MEEI through our review of the information



provided as well as a review of each organization's website, annual reports, and the DON application.

Reasonableness is defined within the context of this report as supportable and proper, given the underlying information. Feasibility is defined as based on the assumptions used, the plan is not likely to result in insufficient "funds available for capital and ongoing operating costs necessary to support the proposed project without negative impacts or consequences to [Partners'] existing patient panel."<sup>1</sup>

This report is based upon historical and prospective financial information provided to us by Management. If BDO had audited the underlying data, matters may have come to our attention that would have resulted in our using amounts that differ from those provided. Accordingly, we do not express an opinion or any other assurances on the underlying data presented or relied upon in this report. We do not provide assurance on the achievability of the results forecasted by Partners because events and circumstances frequently do not occur as expected, and the achievement of the forecasted results are dependent on the actions, plans, and assumptions of management. We reserve the right to update our analysis in the event that we are provided with additional information.

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<sup>1</sup> Determination of Need, Factor 4(a)

#### IV. SOURCES OF INFORMATION UTILIZED

In formulating our opinions and conclusions contained in this report, we reviewed documents produced by Management. The documents and information upon which we relied are identified below or are otherwise referenced in this report:

1. Five-Year Pro-Forma Statements provided May 16, 2017;
2. Audited Financial Statements of Partners HealthCare System, Inc. and Affiliates for the years ended September 30, 2015 and 2016;
3. Audited Financial Statements of Massachusetts Eye and Ear Infirmary, Inc. for the years ended September 30, 2015 and 2016;
4. Audited Financial Statements of Wentworth-Douglass Health System and Subsidiaries for the years ended December 31, 2014 through 2016;
5. Multi-Year Financial Framework of Partners Healthcare System, Inc. for the fiscal years ending 2017 through 2021 prepared as of December 8, 2016;
6. Internal Financial Statements of Massachusetts Eye and Ear Infirmary, Inc. for the fiscal years September 30, 2013 through 2016 and projected financials for the fiscal years September 30, 2017 through 2021;
7. Internal Financial Results and Analysis for Partners HealthCare System, Inc. for the six months ended March 31, 2017 as of April 28, 2017;
8. MEEI 2016 Annual report;
9. Company website - [www.partners.org](http://www.partners.org) and [www.masseyeandear.org](http://www.masseyeandear.org);
10. Various news publications and other public information about the Company;
11. Determination of Need Application Instructions dated March 2017; and
12. Draft Determination of Need Factor 1, provided June 28, 2017.



## V. REVIEW OF THE PROJECTIONS

This section of our report summarizes our review of the reasonableness of the assumptions used and feasibility of the Projections. The Projections delineated between five categories of revenue and six general categories of operating expenses of Partners as well as other non-operating gains and losses for the Company. The Projections incorporate the operating results of MEEI into Partners for the fiscal years ending 2017 through 2021. The following table presents the Key Metrics, as defined below, of Partners which compares the results of the Projections for the fiscal years ending 2017 through 2021 to Partners' historical results for the fiscal year ended 2016.

	Partners, as reported	Change in Key Metric of pro forma results compared to prior year				
	2016	2017	2018	2019	2020	2021
EBIDA (\$)	582,980	387,127	146,968	45,624	48,709	49,576
EBIDA Margin (%)	4.7%	2.3%	1.1%	-0.1%	-0.1%	-0.1%
Operating Margin (%)	-0.9%	1.9%	0.8%	0.0%	0.0%	0.0%
Total Margin (%)	-2.0%	6.7%	-1.2%	0.1%	0.0%	0.0%
Total Assets (\$)	15,912,872	930,676	17,342	(4,658)	(19,860)	(265,333)
Total Net Assets (\$)	5,474,357	317,443	(153,902)	(98,609)	(111,130)	(103,022)
Unrestricted Cash Days on Hand (days)	183.8	(4.0)	1.0	(3.9)	(2.1)	(8.4)
Unrestricted Cash to Debt (%)	119.8%	-1.2%	-4.4%	1.0%	2.4%	3.1%
Debt Service Coverage (ratio)	2.2	3.5	(0.8)	0.1	(0.0)	(2.1)
Debt to Capitalization (%)	55.4%	0.6%	1.7%	1.0%	1.1%	0.0%

The Key Metrics fall into three primary categories: profitability, liquidity, and solvency. Profitability metrics, such as EBIDA, EBITDA Margin, Operating Margin, Total Margin, and Debt Service Coverage Ratio are used to assist in the evaluation of management performance in how efficiently resources are utilized. Liquidity metrics, such as Unrestricted Days Cash on Hand, and Unrestricted Cash-to-Debt measure the quality and adequacy of assets to meet current obligations as they come due. Solvency metrics, such as Debt to Capitalization, and Total Net Assets, measure the company's ability to service debt obligations. Additionally, certain metrics



can be applicable in multiple categories. The table below shows how each of the Key Metrics are calculated.

Key Metric	Definition
EBIDA	(Earnings before interest, depreciation and amortization expenses) - Operating gain(loss) + interest expense + depreciation expense + amortization expense
EBIDA Margin	EBIDA expressed as a percent of total operating revenue. $EBIDA / \text{total operating revenue}$
Operating Margin (%)	Income (loss) from operations / total operating revenue
Total Margin (%)	Excess (deficit) of revenue over expenses / total operating revenue
Total Assets	Total assets of the organization
Total Net Assets	Total net assets of the organization (includes unrestricted net assets, temporarily restricted restricted net asset and permanently restricted net assets)
Unrestricted Cash Days on Hand (days)	$(\text{Cash \& cash equivalents} + \text{investments} + \text{current portion investments limited as to use} + \text{investments limited as to use} - \text{externally limited funds}) / ((\text{Total operating expenses} - \text{non recurring charges} - \text{depreciation \& amortization}) / \text{YTD days})$
Unrestricted Cash-to-Debt (%)	$(\text{Cash \& cash equivalents} + \text{investments} + \text{current portion investments limited as to use} + \text{investments limited as to use} - \text{externally limited funds}) / (\text{Current portion of long-term obligations} + \text{long-term obligations})$
Debt service coverage ratio (ratio)	$(\text{Excess (deficit) of revenue over expenses} + \text{depreciation expense} + \text{amortization expense} + \text{interest expense}) / (\text{Principal payments} + \text{interest expense})$
Debt to Capitalization (%)	$(\text{Current portion of long-term obligation} + \text{long-term obligations}) / (\text{Current portion of long-term obligations} + \text{long-term obligations} + \text{unrestricted net assets})$

In preparing the Key Metrics, Management noted the following:

- Wentworth-Douglass Health System (“WD”) joined Partners effective January 1, 2017. As accounting rules require the fair value of acquired net assets to be recognized as non-operating gains, Management reflected the acquisition in the pro-forma financial information for the fiscal year ending 2017. However, WD financial information was excluded from the projections for fiscal years ending 2018-2021 as it was not part of Partners when those projections were initially prepared and Management concluded its impact would be immaterial.
- Based on our review of the available information and discussions with Management, we noted that WD has historically operated with positive operating margins. Management expects WD’s margins to remain consistent during the projection period. As such, with



respect to the reasonableness and feasibility of the Projections, it is conservative to not include WD into the Projections.

- Partners has a balloon payment on long-term debt maturing in fiscal year ending 2021 and prepared the Projections to include the balloon payment.

## 1. Revenues

We have analyzed each of the revenue categories identified by Partners in both their historical and projected financial information. We analyzed the actual operating results for Partners before consolidation of MEEI as well as after consolidation of MEEI for the years 2015 and 2016 in order to determine the impact of MEEI's financial operations on the consolidated entity and in order to determine the reasonableness of the projected financial statements for the years 2017 through 2021. The table below indicates the percentage of total revenue by category for Partners before and after the consolidation of MEEI.

Percentage of Total Revenue by Category

	Partners Actual 2016	Consolidated Actual 2016
<b>Operating revenue</b>		
Net patient service revenue	60.77%	61.22%
Premium Revenue	20.14%	19.56%
Direct academic and research revenue	10.94%	10.86%
Indirect academic and research revenue	2.95%	2.98%
Other revenue	5.20%	5.39%
<b>Total operating revenue</b>	<b>100.00%</b>	<b>100.00%</b>



Based upon our analysis of the 2016 results, MEEI would represent approximately 3% of the combined organization's operating revenue.

We also analyzed the actual second quarter year-to-date 2017 results in comparison to the pro-forma 2017 revenue projected by Management for the same period in order to assess the reasonableness of the pro-forma statements. Based upon our analysis, actual results exhibited immaterial variations from the pro-forma budgeted assumptions. Accordingly, it is our opinion that the pro-forma budgeted revenue assumptions are reasonable.

It is our opinion that the revenue growth projected by Management reflects a reasonable estimation based primarily upon the organization's historical operations.

## **2. Operating Expenses**

We analyzed each of the categorized operating expenses for reasonableness and feasibility as it related to the projected revenue items. We reviewed the actual operating results for Partners before consolidation of MEEI as well as after consolidation of MEEI for the years ended 2015 and 2016 in order to determine the impact of MEEI on the consolidated entity and in order to determine the reasonableness of the Projections for the years 2017 through 2021. Based upon our analysis, MEEI would represent approximately 3% of the combined organization's operating expenses.

We also analyzed the actual second quarter year-to-date 2017 results in comparison to the pro-forma 2017 operating expenses projected by Management for the same period in order to assess



the reasonableness of the pro-forma statements. Based upon our analysis, actual results exhibited immaterial variations from the pro-forma budgeted assumptions. Accordingly, it is our opinion that the pro-forma budgeted revenue assumptions are reasonable.

It is our opinion that the growth in operating expenses projected by Management reflects a reasonable estimation based primarily upon the organization's historical operations.

### **3. Non-Operating Gains/Expenses and Other Changes in Net Assets**

The final categories of Partners Projections are various non-operating gains/expenses and other changes in net assets. The items in these categories related to investment account activity (realized and unrealized), philanthropic and academic gifts, benefit plan funded status, fair value adjustments and other items. Because many of these items are unpredictable, non-recurring, or dependent upon market fluctuations, we analyzed the non-operating activity in aggregate. Based upon our analysis, the percentage impact to the Projections of consolidating MEEI was between 1% and 3% for each of the fiscal years ending 2017 through 2021 and was immaterial to the overall operations of Partners. Accordingly, it is our opinion that the pro-forma non-operating gains/expenses and other changes in net assets are reasonable.

Additionally, we reviewed the asset classes which comprised the investments held by Partners. Based upon our review, the projected returns for the specified asset classes were reasonable. However, it is important to consider what the impact to Partners would be if the public debt and equity markets do not perform as projected by Partners. We considered the impact to the Projections and the financial condition of Partners if investment income and gains/losses on

the investment portfolio net to zero annually. It is important to note that we are not opining that Partner's Projections are inaccurate, but acknowledge the possibility of poor market conditions in which the investments held by Partners and income from those investments experience a net total return of zero. Based upon our discussions with Management it is our understanding that Partners capital spending budget is impacted by the returns from its investment portfolio. As such, Partners maintains a high level of fiscal responsibility. If investment gains achieved during the projection period are less than those incorporated into the Projections, Partners will limit its capital investments until sufficient funds are available. Therefore, it is our opinion that the expectations regarding future investment income in the Projections does not make the Projections unreasonable.

#### **4. Capital Expenditures and Cash Flows**

We reviewed Partners capital expenditures and cash flows in order to determine whether Partners anticipated reinvesting sufficient funds for technological upgrades and property, plant and equipment and whether the cash flow would be able to support that reinvestment.

Based upon our discussions with Management and our review of the information provided, we considered the current and projected capital projects and loan financing obligations encapsulated within the Projections and the impact of those projected expenditures on Partners' cash flow. Based upon our analysis, it is our opinion that the pro-forma capital expenditures and resulting impact on Partners' cash flows are reasonable.

**VI. FEASIBILITY**

We analyzed the projected operations for Partners and the changes in Key Metrics prepared by Management as well as the impact of consolidating MEEI with Partners upon the Projections and Key Metrics. In performing our analysis we considered multiple sources of information including historical and projected financial information for Partners and MEEI. It is important to note that the Projections do not account for any anticipated changes in accounting standards. These standards, which may have a material impact on individual future years, are not anticipated to have a material impact on the aggregate Projections.

Because the impact of consolidating MEEI with Partners represents a relatively insignificant portion of the operations and financial position of Partners, we determined that the Projections were not likely to result in insufficient funds available for capital and ongoing operating costs necessary to support the proposed project. Based upon our review of the Projections and relevant supporting documentation, we determined the project and continued operating surplus are reasonable and based upon feasible financial assumptions. Therefore, the consolidation of MEEI into Partners is financially feasible and within the financial capability of Partners.

Respectively submitted,

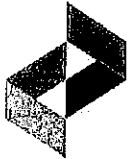


Joshua Lefcowitz, CPA/ABV/CFF, CVA, CFE, ASA  
BDO Consulting Managing Director

## **Attachment/Exhibit**

**6**





**MASSACHUSETTS**  
HEALTH POLICY COMMISSION

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# **NOTICE OF MATERIAL CHANGE FORM**

Health Policy Commission  
50 Milk Street, 8th Floor  
Boston, MA 02109

## GENERAL INSTRUCTIONS

The attached form should be used by a Provider or Provider Organization to provide a Notice of Material Change ("Notice") to the Health Policy Commission ("Commission"), as required under M.G.L. c. 6D, § 13 and 958 CMR 7.00, Notices of Material Change and Cost and Market Impact Reviews. To complete the Notice, it is necessary to read and comply with 958 CMR 7.00, a copy of which may be obtained on the Commission's website at [www.mass.gov/hpc](http://www.mass.gov/hpc). Capitalized terms in this Notice are defined in 958 CMR 7.02. Additional sub-regulatory guidance may be available on the Commission's website (e.g., Technical Bulletins, FAQs). For further assistance, please contact the Health Policy Commission at [HPC-Notice@state.ma.us](mailto:HPC-Notice@state.ma.us). This form is subject to statutory and regulatory changes that may take place from time to time.

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### REQUIREMENT TO FILE

This Notice must be submitted by any Provider or Provider Organization with \$25 million or more in Net Patient Service Revenue in the preceding fiscal year that is proposing a Material Change, as defined in 958 CMR 7.02. Notice must be filed with the Commission not fewer than 60 days before the consummation or closing of the transaction (i.e., the proposed effective date of the proposed Material Change).

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### SUBMISSION OF NOTICE

One electronic copy of the Notice, in a portable document form (pdf), should be submitted to the following:

Health Policy Commission [HPC-Notice@state.ma.us](mailto:HPC-Notice@state.ma.us);

Office of the Attorney General [HCD-6D-NOTICE@state.ma.us](mailto:HCD-6D-NOTICE@state.ma.us);

Center for Health Information and Analysis [CHIA-Legal@state.ma.us](mailto:CHIA-Legal@state.ma.us)

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### PRELIMINARY REVIEW AND NOTICE OF COST AND MARKET IMPACT REVIEW

If the Commission considers the Notice to be incomplete, or if the Commission requires clarification of any information to make its determination, the Commission may, within 30 days of receipt of the Notice, notify the Provider or Provider Organization of the information or clarification necessary to complete the Notice.

The Commission will inform each notifying Provider or Provider Organization of any determination to initiate a Cost and Market Impact Review within 30 days of its receipt of a completed Notice and all required information, or by a later date as may be set by mutual agreement of the Provider or Provider Organization and the Commission.

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### CONFIDENTIALITY

Information on this Notice form itself shall be a public record and will be posted on the Commission's website. Pursuant to 958 CMR 7.09, the Commission shall keep confidential all nonpublic information and documents obtained in connection with a Notice of Material Change and shall not disclose the information or documents to any person without the consent of the Provider or Payer that produced the information or documents, except in a Preliminary Report or Final Report of a Cost and Market Impact Review if the Commission believes that such disclosure should be made in the public interest after taking into account any privacy, trade secret or anti-competitive considerations. The confidential information and documents shall not be public records and shall be exempt from disclosure under M.G.L. c. 4, § 7 cl. 26 or M.G.L. c. 66, § 10.

## NOTICE OF MATERIAL CHANGE

DATE OF NOTICE: April 3, 2017

1. Name: Partners HealthCare System, Inc.

2.	Federal TAX ID #	MA DPH Facility ID #	NPI #
	04-3230035	N/A	N/A

### CONTACT INFORMATION

3. Business Address 1: 800 Boylston Street

4. Business Address 2: Suite 1150

5. City: Boston

State: MA

Zip Code: 02199

6. Business Website: [www.partners.org](http://www.partners.org)

7. Contact First Name: Brent

Contact Last Name: Henry

8. Title: Vice President and General Counsel

9. Contact Phone: 617-278-1065

Extension:

10. Contact Email: [BHENRY1@PARTNERS.ORG](mailto:BHENRY1@PARTNERS.ORG)

### DESCRIPTION OF ORGANIZATION

11. Briefly describe your organization.

Partners HealthCare System, Inc., a Massachusetts not-for-profit corporation ("PHS"), is the parent organization of an integrated healthcare system ("Partners HealthCare") founded by Brigham and Women's Hospital ("BWH") and Massachusetts General Hospital ("MGH"). In addition to its two academic medical centers, Partners HealthCare includes community and specialty hospitals, a managed care organization, community health centers, a physician network, home health and long-term care services and other health-related entities. Partners HealthCare is one of the nation's leading biomedical research organizations, and its hospitals are principal teaching affiliates of Harvard Medical School.

### TYPE OF MATERIAL CHANGE

12. Check the box that most accurately describes the proposed Material Change involving a Provider or Provider Organization:

- ☐ A Merger or affiliation with, or Acquisition of or by, a Carrier;
- ☒ A Merger with or Acquisition of or by a Hospital or a hospital system;
- ☐ Any other Acquisition, Merger, or affiliation (such as a Corporate Affiliation, Contracting Affiliation, or employment of Health Care Professionals) of, by, or with another Provider, Providers (such as multiple Health Care Professionals from the same Provider or Provider Organization), or Provider Organization that would result in an increase in annual Net Patient Service Revenue of the Provider or Provider Organization of ten million dollars or more, or in the Provider or Provider Organization having a near-majority of market share in a given service or region;
- ☐ Any Clinical Affiliation between two or more Providers or Provider Organizations that each had annual Net Patient Service Revenue of \$25 million or more in the preceding fiscal year; provided that this shall not include a Clinical Affiliation solely for the purpose of collaborating on clinical trials or graduate medical education programs; and
- ☐ Any formation of a partnership, joint venture, accountable care organization, parent corporation, management services organization, or other organization created for administering contracts with Carriers or third-party administrators or current or future contracting on behalf of one or more Providers or Provider Organizations.

13. What is the proposed effective date of the proposed Material Change? Promptly following receipt of all required approvals.

## MATERIAL CHANGE NARRATIVE

14. Briefly describe the nature and objectives of the proposed Material Change, including any exchange of funds between the parties (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of Health Care Services) and whether any changes in Health Care Services are anticipated in connection with the proposed Material Change:

Pursuant to a certain letter of Intent dated as of January 27, 2017, PHS will acquire control of Foundation of the Massachusetts Eye and Ear Infirmary, Inc. ("MEE"), a Massachusetts not-for-profit corporation and the parent organization of the Massachusetts Eye and Ear Infirmary ("MEEI"), Massachusetts Eye and Ear Associates, Inc. ("MEEA") and other non-clinical affiliates, by becoming the sole corporate member of MEE (the "Acquisition").

The objectives of the Acquisition are (i) to build upon the existing, long-term integrated personnel, infrastructure and contractual relationships between MGH and MEE to ensure ongoing clinical, research and educational collaboration; and (ii) to avoid duplicative costs and promote efficiencies that are available in the Partners HealthCare delivery system.

The Acquisition will not involve an exchange of funds between PHS and MEE.

15. Briefly describe the anticipated impact of the proposed Material Change, including but not limited to any anticipated impact on reimbursement rates, care referral patterns, access to needed services, and/or quality of care:

One of the principal goals of the proposed transaction is for MEE to become the system-wide ophthalmology (OPH) and otolaryngology (ORL) resource for Partners HealthCare. The availability of these MEE services throughout Partners HealthCare will improve community-based access to high quality and cost-effective OPH and ORL services for Massachusetts residents. Utilization of existing Partners HealthCare facilities will also enable MEE to provide these services with substantially less capital investment than would be required if MEE were to invest in its own community-based facilities. MEE will also achieve savings in operating costs by utilizing Partners corporate services in support of MEE's clinical, research and academic charitable mission.

MEE has existing clinical relationships with both Partners and non-Partners providers. Partners and MEE plan to continue these relationships and maintain MEE as a resource for all residents of Massachusetts. Therefore the proposed transaction should not have any material effect on referrals of patients to MEE from either the Partners or the non-Partners providers.

Since the physicians employed by MEEA already participate in Partners network contracts with Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Care and Tufts Health Plan, the Acquisition will have no effect on the rates paid by these three payers to the MEEA-employed physicians. With respect to physician rates paid by other commercial payers and commercial rates for MEEI, the parties expect that the MEE providers will be able to achieve market competitive rates as participants in Partners payer contracts with commercial payers. However, since these rates must be negotiated with the commercial payers, there can be no assurance, and Partners has given MEE no guarantee, that MEE providers will achieve such rates in future contract negotiations.

## DEVELOPMENT OF THE MATERIAL CHANGE

16. Describe any other Material Changes you anticipate making in the next 12 months:

Based on agreements currently in place, PHS does not anticipate making any other Material Changes (as defined in 958 CMR 7.00) in the next 12 months.

17. Indicate the date and nature of any applications, forms, notices or other materials you have submitted regarding the

On February 8, 2017, PHS and MEE each filed a Hart-Scott-Rodino ("HSR") Notice with the Federal Trade Commission ("FTC") and the United States Department of Justice ("DOJ") regarding the Acquisition (the "Original Filing"). On March 9, 2017, the parties voluntarily withdrew the Original Filing. On March 13, 2017, PHS refiled an HSR Notice with the FTC and the DOJ (the "Current Filing"). Copies of the Original Filing HSR Notices and the Current Filing HSR Notice were provided to the Massachusetts Office of the Attorney General.

## SUPPLEMENTAL MATERIALS

18. Submit the following materials, if applicable, under separate cover to [HPC-Notice@state.ma.us](mailto:HPC-Notice@state.ma.us).

The Health Policy Commission shall keep confidential all nonpublic information, as requested by the parties, in accordance with M.G.L. c. 6D, § 13(c), as amended by 2013 Mass. Acts, c. 38, § 20 (July 12, 2013).

- a. Copies of all current agreement(s) (with accompanying appendices and exhibits) governing the proposed Material Change (e.g., definitive agreements, affiliation agreements);
- b. A current organizational chart of your organization
- c. Any analytic support for your responses to Questions 14 and 15 above.

[Remainder of this page intentionally left blank]

This signed and notarized Affidavit of Truthfulness and Proper Submission is required for a complete submission.

#### AFFIDAVIT OF TRUTHFULNESS AND PROPER SUBMISSION

I, the undersigned, certify that:

1. I have read 958 CMR 7.00, Notices of Material Change and Cost and Market Impact Reviews.
2. I have read this Notice of Material Change and the information contained therein is accurate and true.
3. I have submitted the required copies of this Notice to the Health Policy Commission, the Office of the Attorney General, and the Center for Health Information and Analysis as required.

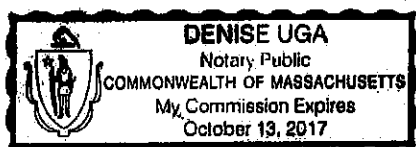
Signed on the 3 day of April, 2017, under the pains and penalties of perjury.

Signature: Peter L. Markell

Name: Peter Markell

Title: Executive Vice President for Administration and Finance

FORM MUST BE NOTARIZED IN THE SPACE PROVIDED BELOW:



Denise Uga  
Notary Signature

Copies of this application have been submitted electronically as follows:

Office of the Attorney General (1)

Center for Health Information and Analysis (1)

## EXPLANATIONS AND DEFINITIONS

1.	Name	Legal business name as reported with Internal Revenue Service. This may be the parent organization or local Provider Organization name.
2.	Federal TAX ID #	9-digit federal tax identification number also known as an employer identification number (EIN) assigned by the internal revenue service.
	MA DPH Facility ID #	If applicable, Massachusetts Department of Public Health Facility Identification Number.
	National Provider Identification Number (NPI)	10-digit National Provider identification number issued by the Centers for Medicare and Medicaid Services (CMS). This element pertains to the organization or entity directly providing service.
3.	Business Address 1	Address location/site of applicant
4.	Business Address 2	Address location/site of applicant continued often used to capture suite number, etc.
5.	City, State, Zip Code	Indicate the City, State, and Zip Code for the Provider Organization as defined by the US Postal Service.
6.	Business Website	Business website URL
7.	Contact Last Name, First Name	Last name and first name of the primary administrator completing the registration form.
8.	Title:	Professional title of the administrator completing the registration form.
9.	Contact Telephone and Extension	10-digit telephone number and telephone extension (if applicable) for administrator completing the registration form
10.	Contact Email	Contact email for administrator
11.	Description of Organization	Provide a brief description of the notifying organization's ownership, governance, and operational structure, including but not limited to Provider type (acute Hospital, physician group, skilled nursing facilities, independent practice organization, etc.), number of licensed beds, ownership type (corporation, partnership, limited liability corporation, etc.), service lines and service area(s).
		Indicate the nature of the proposed Material Change.
12.	Type of Material Change	<p><i>Definitions of terms:</i></p> <p>"Carrier", an insurer licensed or otherwise authorized to transact accident or health insurance under M.G.L. c. 175; a nonprofit Hospital service corporation organized under M.G.L. c. 176A; a nonprofit medical service corporation organized under M.G.L. c. 176B; a health maintenance organization organized under M.G.L. c. 176G; and an organization entering into a preferred provider arrangement under M.G.L. c. 176I; provided, that this shall not include an employer purchasing coverage or acting on behalf of its employees or the employees of one or more subsidiaries or affiliated corporations of the employer; provided that, unless otherwise noted, the term "Carrier" shall not include any entity to the extent it offers a policy, certificate or contract that provides coverage solely for dental care services or visions care services.</p>

"Hospital", any hospital licensed under section 51 of chapter 111, the teaching hospital of the University of Massachusetts Medical School and any psychiatric facility licensed under section 19 of chapter 19.

"Net Patient Service Revenue", the total revenue received for patient care from any third party Payer net of any contractual adjustments. For Hospitals, Net Patient Service Revenue should be as reported to the Center under M.G.L. c. 12C, § 8. For other Providers or Provider Organizations, Net Patient Service Revenue shall include the total revenue received for patient care from any third Party payer net of any contractual adjustments, including: (1) prior year third party settlements; and (2) premium revenue, which means per-member-per-month amounts received from a third party Payer to provide comprehensive Health Care Services for that period, for all Providers represented by the Provider or Provider Organization in contracting with Carriers, for all Providers represented by the Provider or Provider Organization in contracting with third party Payers..

"Provider", any person, corporation, partnership, governmental unit, state institution or any other entity qualified under the laws of the Commonwealth to perform or provide Health Care Services.

"Provider Organization", any corporation, partnership, business trust, association or organized group of persons, which is in the business of health care delivery or management, whether incorporated or not that represents one or more health care Providers in contracting with Carriers or third-party administrators for the payments of Health Care Services; provided, that a Provider Organization shall include, but not be limited to, physician organizations, physician-hospital organizations, independent practice associations, Provider networks, accountable care organizations and any other organization that contracts with Carriers for payment for Health Care Services.

13.	Proposed Effective Date of the Proposed Material Change	Indicate the effective date of the proposed Material Change. NOTE: The effective date may not be fewer than 60 days from the date of the filing of the Notice.
14.	Description of the Proposed Material Change	Provide a brief narrative describing the nature and objectives of the proposed Material Change, including any exchange of funds between the parties (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of Health Care Services). Include organizational charts and other supporting materials as necessary to illustrate the proposed change in ownership, governance, or operational structure.
15.	Impact of the Proposed Material Change	Provide a brief description of any analysis conducted by the notifying organization as to the anticipated impact of the proposed Material Change including, but not limited to, the following factors, as applicable: <ul style="list-style-type: none"> <li>• Costs</li> <li>• Prices, including prices of the Provider or Provider Organization involved in the proposed Merger, Acquisition, affiliation or other proposed Material Change</li> <li>• Utilization</li> <li>• Health Status Adjusted Total Medical Expenses</li> <li>• Market Share</li> <li>• Referral Patterns</li> <li>• Payer Mix</li> <li>• Service Area(s)</li> <li>• Service Line(s)</li> <li>• Service Mix</li> </ul>



- |       |   |  |
|-------|---|--|
| 16.   | Future Planned Material Changes               | Provide a brief description of the nature, scope and dates of any pending or planned Material Changes, occurring between the notifying organization and any other entity, within the 12 months following the date of the notice.   |
| <hr/> |   |  |
| 17.   | Submission to Other State or Federal Agencies | Indicate the date and nature of any other applications, forms, notices or other materials provided to other state or federal agencies relative to the proposed Material Change, including but not limited to the Department of Public Health (e.g., Determination of Need Application, Notice of Intent to Acquire, Change in Licensure), Massachusetts Attorney General (e.g., notice pursuant to G.L. c. 180, §8A(c)), U.S. Department of Health and Human Services (e.g., Pioneer ACO or Medicare Shared Savings Program application) and Federal Trade Commission/Department of Justice (e.g., Notification and Report Form pursuant to 15 U.S.C. sec. 18a). |
| <hr/> |   |  |



**MASSACHUSETTS**  
HEALTH POLICY COMMISSION

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# **NOTICE OF MATERIAL CHANGE FORM**

Health Policy Commission  
50 Milk Street, 8th Floor  
Boston, MA 02109

## GENERAL INSTRUCTIONS

The attached form should be used by a Provider or Provider Organization to provide a Notice of Material Change ("Notice") to the Health Policy Commission ("Commission"), as required under M.G.L. c. 6D, § 13 and 958 CMR 7.00, Notices of Material Change and Cost and Market Impact Reviews. To complete the Notice, it is necessary to read and comply with 958 CMR 7.00, a copy of which may be obtained on the Commission's website at [www.mass.gov/hpc](http://www.mass.gov/hpc). Capitalized terms in this Notice are defined in 958 CMR 7.02. Additional sub-regulatory guidance may be available on the Commission's website (e.g., Technical Bulletins, FAQs). For further assistance, please contact the Health Policy Commission at [HPC-Notice@state.ma.us](mailto:HPC-Notice@state.ma.us). This form is subject to statutory and regulatory changes that may take place from time to time.

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### REQUIREMENT TO FILE

This Notice must be submitted by any Provider or Provider Organization with \$25 million or more in Net Patient Service Revenue in the preceding fiscal year that is proposing a Material Change, as defined in 958 CMR 7.02. Notice must be filed with the Commission not fewer than 60 days before the consummation or closing of the transaction (i.e., the proposed effective date of the proposed Material Change).

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### SUBMISSION OF NOTICE

One electronic copy of the Notice, in a portable document form (pdf), should be submitted to the following:

Health Policy Commission [HPC-Notice@state.ma.us](mailto:HPC-Notice@state.ma.us);

Office of the Attorney General [HCD-6D-NOTICE@state.ma.us](mailto:HCD-6D-NOTICE@state.ma.us);

Center for Health Information and Analysis [CHIA-Legal@state.ma.us](mailto:CHIA-Legal@state.ma.us)

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### PRELIMINARY REVIEW AND NOTICE OF COST AND MARKET IMPACT REVIEW

If the Commission considers the Notice to be incomplete, or if the Commission requires clarification of any information to make its determination, the Commission may, within 30 days of receipt of the Notice, notify the Provider or Provider Organization of the information or clarification necessary to complete the Notice.

The Commission will inform each notifying Provider or Provider Organization of any determination to initiate a Cost and Market Impact Review within 30 days of its receipt of a completed Notice and all required information, or by a later date as may be set by mutual agreement of the Provider or Provider Organization and the Commission.

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### CONFIDENTIALITY

Information on this Notice form itself shall be a public record and will be posted on the Commission's website. Pursuant to 958 CMR 7.09, the Commission shall keep confidential all nonpublic information and documents obtained in connection with a Notice of Material Change and shall not disclose the information or documents to any person without the consent of the Provider or Payer that produced the information or documents, except in a Preliminary Report or Final Report of a Cost and Market Impact Review if the Commission believes that such disclosure should be made in the public interest after taking into account any privacy, trade secret or anti-competitive considerations. The confidential information and documents shall not be public records and shall be exempt from disclosure under M.G.L. c. 4, § 7 cl. 26 or M.G.L. c. 66, § 10.

## NOTICE OF MATERIAL CHANGE

DATE OF NOTICE: April 3, 2017

1. Name: Foundation of the Massachusetts Eye and Ear Infirmary, Inc.

	Federal TAX ID #	MA DPH Facility ID #	NPI #
2.	04-2785453	NA	NA

### CONTACT INFORMATION

3. Business Address 1: 243 Charles Street

4. Business Address 2:

5. City: Boston State: MA Zip Code: 02114

6. Business Website: masseyeandear.org

7. Contact First Name: John Contact Last Name: Fernandez

8. Title: President and CEO

9. Contact Phone: 617-573-3006 Extension:

10. Contact Email: john\_fernandez@meel.harvard.edu

### DESCRIPTION OF ORGANIZATION

11. Briefly describe your organization.

Foundation of Massachusetts Eye and Ear Infirmary, Inc. is a Massachusetts non-profit corporation and the parent organization of the Massachusetts Eye and Ear Infirmary ("MEEI") and Massachusetts Eye and Ear Associates, Inc. ("MEEA") and other non-clinical affiliates. MEEI is a not-for-profit specialty hospital dedicated to excellence in the care of, and research and teaching relating to, disorders that affect the eye, ear, nose, throat and adjacent regions of the head and neck, and is a teaching affiliate of Harvard Medical School. MEEA is the non-profit physician organization for MEEI.

### TYPE OF MATERIAL CHANGE

12. Check the box that most accurately describes the proposed Material Change involving a Provider or Provider Organization:

- ☐ A Merger or affiliation with, or Acquisition of or by, a Carrier;
- ☒ A Merger with or Acquisition of or by a Hospital or a hospital system;
- ☐ Any other Acquisition, Merger, or affiliation (such as a Corporate Affiliation, Contracting Affiliation, or employment of Health Care Professionals) of, by, or with another Provider, Providers (such as multiple Health Care Professionals from the same Provider or Provider Organization), or Provider Organization that would result in an increase in annual Net Patient Service Revenue of the Provider or Provider Organization of ten million dollars or more, or in the Provider or Provider Organization having a near-majority of market share in a given service or region;
- ☐ Any Clinical Affiliation between two or more Providers or Provider Organizations that each had annual Net Patient Service Revenue of \$25 million or more in the preceding fiscal year; provided that this shall not include a Clinical Affiliation solely for the purpose of collaborating on clinical trials or graduate medical education programs; and
- ☐ Any formation of a partnership, joint venture, accountable care organization, parent corporation, management services organization, or other organization created for administering contracts with Carriers or third-party administrators or current or future contracting on behalf of one or more Providers or Provider Organizations.

13. What is the proposed effective date of the proposed Material Change? Promptly following receipt of all required

## MATERIAL CHANGE NARRATIVE

14. *Briefly* describe the nature and objectives of the proposed Material Change, including any exchange of funds between the parties (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of Health Care Services) and whether any changes in Health Care Services are anticipated in connection with the proposed Material Change:

Pursuant to a certain letter of Intent dated as of January 27, 2017, PHS will acquire control of Foundation of the Massachusetts Eye and Ear Infirmary, Inc. ("MEE"), a Massachusetts not-for-profit corporation and the parent organization of the Massachusetts Eye and Ear Infirmary ("MEEI"), Massachusetts Eye and Ear Associates, Inc. ("MEEA") and other non-clinical affiliates, by becoming the sole corporate member of MEE (the "Acquisition").

The objectives of the Acquisition are (i) to build upon the existing, long-term integrated personnel, infrastructure and contractual relationships between MGH and MEE to ensure ongoing clinical, research and educational collaboration; and (ii) to avoid duplicative costs and promote efficiencies that are available in the Partners HealthCare delivery system.

The Acquisition will not involve an exchange of funds between PHS and MEE.

15. *Briefly* describe the anticipated impact of the proposed Material Change, including but not limited to any anticipated impact on reimbursement rates, care referral patterns, access to needed services, and/or quality of care:

One of the principal goals of the proposed transaction is for MEE to become the system-wide ophthalmology (OPH) and otolaryngology (ORL) resource for Partners HealthCare. The availability of these MEE services throughout Partners HealthCare will improve community-based access to high quality and cost-effective OPH and ORL services for Massachusetts residents. Utilization of existing Partners HealthCare facilities will also enable MEE to provide these services with substantially less capital investment than would be required if MEE were to invest in its own community-based facilities. MEE will achieve savings in operating costs by utilizing Partners corporate services in support of MEE's clinical, research and academic charitable mission.

MEE has existing clinical relationships with both Partners and non-Partners providers. Partners and MEE plan to continue these relationships and maintain MEE as a resource for all residents of Massachusetts. Therefore, the proposed transaction should not have any material effect on referrals of patients to MEE from either the Partners or the non-Partners providers.

Since the physicians employed by MEEA already participate in Partners network contracts with Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Care and Tufts Health Plan, the Acquisition will have no effect on the rates paid by these three payers to the MEEA-employed physicians. With respect to physician rates paid by other commercial payers and commercial rates for MEEI, the parties expect that the MEE providers will be able to achieve market competitive rates as participants in Partners payer contracts with commercial payers. However, since these rates must be negotiated with the commercial payers, there can be no assurance, and Partners has given MEE no guarantee, that MEE providers will achieve such rates in future contract negotiations.

## DEVELOPMENT OF THE MATERIAL CHANGE

16. Describe any other Material Changes you anticipate making in the next 12 months:

MEE does not anticipate making any other Material Changes (as defined in 958 CMR 7.00) in the next 12 months.

17. Indicate the date and nature of any applications, forms, notices or other materials you have submitted regarding the proposed Material Change to any other state or federal agency:

On February 8, 2017, PHS and MEE each filed a Hart-Scott-Rodino ("HSR") Notice with the Federal Trade Commission ("FTC") and the United States Department of Justice ("DOJ") regarding the Acquisition (the "Original Filing"). On March 9, 2017, the parties voluntarily withdrew the Original Filing. On March 13, 2017, PHS refiled an HSR Notice with the FTC and the DOJ (the "Current Filing"). Copies of the Original Filing and the Current Filing HSR Notices were provided to the Massachusetts Office of the Attorney General.

## SUPPLEMENTAL MATERIALS

18. Submit the following materials, if applicable, under separate cover to [HPC-Notice@state.ma.us](mailto:HPC-Notice@state.ma.us).

The Health Policy Commission shall keep confidential all nonpublic information, as requested by the parties, in accordance with M.G.L. c. 6D, § 13(c), as amended by 2013 Mass. Acts, c. 38, § 20 (July 12, 2013).

- a. Copies of all current agreement(s) (with accompanying appendices and exhibits) governing the proposed Material Change (e.g., definitive agreements, affiliation agreements);
- b. A current organizational chart of your organization
- c. Any analytic support for your responses to Questions 14 and 15 above.

[Remainder of this page intentionally left blank]

This signed and notarized Affidavit of Truthfulness and Proper Submission is required for a complete submission.

**AFFIDAVIT OF TRUTHFULNESS AND PROPER SUBMISSION**

I, the undersigned, certify that:

1. I have read 958 CMR 7.00, Notices of Material Change and Cost and Market Impact Reviews.
2. I have read this Notice of Material Change and the information contained therein is accurate and true.
3. I have submitted the required copies of this Notice to the Health Policy Commission, the Office of the Attorney General, and the Center for Health Information and Analysis as required.

Signed on the 3rd day of April, 2017, under the pains and penalties of perjury.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

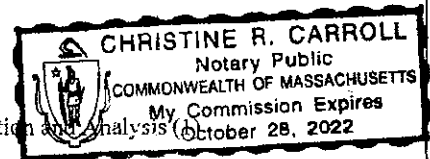
FORM MUST BE NOTARIZED IN THE SPACE PROVIDED BELOW:

\_\_\_\_\_  
Notary Signature

Copies of this application have been submitted electronically as follows:

Office of the Attorney General (1)

Center for Health Information and Analysis



## EXPLANATIONS AND DEFINITIONS

1.	Name	Legal business name as reported with Internal Revenue Service. This may be the parent organization or local Provider Organization name.
2.	Federal TAX ID #	9-digit federal tax identification number also known as an employer identification number (EIN) assigned by the internal revenue service.
	MA DPH Facility ID #	If applicable, Massachusetts Department of Public Health Facility Identification Number.
	National Provider Identification Number (NPI)	10-digit National Provider identification number issued by the Centers for Medicare and Medicaid Services (CMS). This element pertains to the organization or entity directly providing service.
3.	Business Address 1	Address location/site of applicant
4.	Business Address 2	Address location/site of applicant continued often used to capture suite number, etc.
5.	City, State, Zip Code	Indicate the City, State, and Zip Code for the Provider Organization as defined by the US Postal Service.
6.	Business Website	Business website URL
7.	Contact Last Name, First Name	Last name and first name of the primary administrator completing the registration form.
8.	Title:	Professional title of the administrator completing the registration form.
9.	Contact Telephone and Extension	10-digit telephone number and telephone extension (if applicable) for administrator completing the registration form
10.	Contact Email	Contact email for administrator
11.	Description of Organization	Provide a brief description of the notifying organization's ownership, governance, and operational structure, including but not limited to Provider type (acute Hospital, physician group, skilled nursing facilities, independent practice organization, etc.), number of licensed beds, ownership type (corporation, partnership, limited liability corporation, etc.), service lines and service area(s).
Indicate the nature of the proposed Material Change.		
<i>Definitions of terms:</i>		
12.	Type of Material Change	<p>"Carrier", an insurer licensed or otherwise authorized to transact accident or health insurance under M.G.L. c. 175; a nonprofit Hospital service corporation organized under M.G.L. c. 176A; a nonprofit medical service corporation organized under M.G.L. c. 176B; a health maintenance organization organized under M.G.L. c. 176G; and an organization entering into a preferred provider arrangement under M.G.L. c. 176I; provided, that this shall not include an employer purchasing coverage or acting on behalf of its employees or the employees of one or more subsidiaries or affiliated corporations of the employer; provided that, unless otherwise noted, the term "Carrier" shall not include any entity to the extent it offers a policy, certificate or contract that provides coverage solely for dental care services or visions care services.</p>



“Hospital”, any hospital licensed under section 51 of chapter 111, the teaching hospital of the University of Massachusetts Medical School and any psychiatric facility licensed under section 19 of chapter 19.

“Net Patient Service Revenue”, the total revenue received for patient care from any third party Payer net of any contractual adjustments. For Hospitals, Net Patient Service Revenue should be as reported to the Center under M.G.L. c. 12C, § 8. For other Providers or Provider Organizations, Net Patient Service Revenue shall include the total revenue received for patient care from any third Party payer net of any contractual adjustments, including: (1) prior year third party settlements; and (2) premium revenue, which means per-member-per-month amounts received from a third party Payer to provide comprehensive Health Care Services for that period, for all Providers represented by the Provider or Provider Organization in contracting with Carriers, for all Providers represented by the Provider or Provider Organization in contracting with third party Payers..

“Provider”, any person, corporation, partnership, governmental unit, state institution or any other entity qualified under the laws of the Commonwealth to perform or provide Health Care Services.

“Provider Organization”, any corporation, partnership, business trust, association or organized group of persons, which is in the business of health care delivery or management, whether incorporated or not that represents one or more health care Providers in contracting with Carriers or third-party administrators for the payments of Health Care Services; provided, that a Provider Organization shall include, but not be limited to, physician organizations, physician-hospital organizations, independent practice associations, Provider networks, accountable care organizations and any other organization that contracts with Carriers for payment for Health Care Services.

13.	Proposed Effective Date of the Proposed Material Change	Indicate the effective date of the proposed Material Change. NOTE: The effective date may not be fewer than 60 days from the date of the filing of the Notice.
14.	Description of the Proposed Material Change	Provide a brief narrative describing the nature and objectives of the proposed Material Change, including any exchange of funds between the parties (such as any arrangement in which one party agrees to furnish the other party with a discount, rebate, or any other type of refund or remuneration in exchange for, or in any way related to, the provision of Health Care Services). Include organizational charts and other supporting materials as necessary to illustrate the proposed change in ownership, governance, or operational structure.
15.	Impact of the Proposed Material Change	Provide a brief description of any analysis conducted by the notifying organization as to the anticipated impact of the proposed Material Change including, but not limited to, the following factors, as applicable: <ul style="list-style-type: none"> <li>• Costs</li> <li>• Prices, including prices of the Provider or Provider Organization involved in the proposed Merger, Acquisition, affiliation or other proposed Material Change</li> <li>• Utilization</li> <li>• Health Status Adjusted Total Medical Expenses</li> <li>• Market Share</li> <li>• Referral Patterns</li> <li>• Payer Mix</li> <li>• Service Area(s)</li> <li>• Service Line(s)</li> <li>• Service Mix</li> </ul>

- 
- |     |                                 |  |
|-----|---------------------------------|--|
| 16. | Future Planned Material Changes | Provide a brief description of the nature, scope and dates of any pending or planned Material Changes, occurring between the notifying organization and any other entity, within the 12 months following the date of the notice. |
|-----|---------------------------------|--|
- 
- |     |   |  |
|-----|---|--|
| 17. | Submission to Other State or Federal Agencies | Indicate the date and nature of any other applications, forms, notices or other materials provided to other state or federal agencies relative to the proposed Material Change, including but not limited to the Department of Public Health (e.g., Determination of Need Application, Notice of Intent to Acquire, Change in Licensure), Massachusetts Attorney General (e.g., notice pursuant to G.L. c. 180, §8A(c)), U.S. Department of Health and Human Services (e.g., Pioneer ACO or Medicare Shared Savings Program application) and Federal Trade Commission/Department of Justice (e.g., Notification and Report Form pursuant to 15 U.S.C. sec. 18a). |
|-----|---|--|
-

## **Attachment/Exhibit**

**7**

# The Commonwealth of Massachusetts

OFFICE OF THE MASSACHUSETTS SECRETARY OF STATE

MICHAEL J. CONNOLLY, Secretary

ONE ASHBURTON PLACE, BOSTON, MASSACHUSETTS 02108

## ARTICLES OF ORGANIZATION

(Under G.L. Ch. 180)

### ARTICLE I

The name of the corporation is:

MGH/BRIGHAM HEALTH CARE SYSTEM, INC.

### ARTICLE II

The purpose of the corporation is to engage in the following activities:

- (i) To organize, operate and support a comprehensive health care system, including without limitation hospital and other health care services for all persons, and education and research for the prevention, diagnosis, treatment and cure of all forms of human illness; (ii) to improve the health and welfare of all persons; (iii) to operate for the benefit of and to support The Massachusetts General Hospital, The Brigham Medical Center, Inc., their respective affiliated corporations and such other charitable, scientific or educational organizations which are or are affiliated with teaching hospitals in the Greater Boston Area; and (iv) to carry on any other activity that may lawfully be carried on by a corporation formed under Chapter 180 of the Massachusetts General Laws which is exempt under section 501(c)(3) of the Internal Revenue Code.

93-349660

C  
P  
M  
R.A.

<input type="checkbox"/>
<input checked="" type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

P.C.

Note: If the space provided under any article or item on this form is insufficient, additions shall be set forth on separate 8 1/2 x 11 sheets of paper leaving a left hand margin of at least 1 inch. Additions to more than one article may be continued on a single sheet so long as each article requiring each such addition is clearly indicated.

### ARTICLE III

If the corporation has one or more classes of members, the designation of such classes, the manner of election or appointments, the duration of membership and the qualification and rights, including voting rights, of the members of each class, may be set forth in the by-laws of the corporation or may be set forth below:

The designation of classes of members, if any, the manner of election or appointment, the term of office, and the qualifications and rights of members are set forth in the by-laws of the Corporation.

### ARTICLE IV

\* Other lawful provisions, if any, for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the corporation, or of its directors or members, or of any class of members, are as follows:

See Continuation Sheets IV-A through IV-D attached hereto and incorporated herein by reference.

\* If there are no provisions, state "None".

Note: The preceding four (4) articles are considered to be permanent and may ONLY be changed by filing appropriate Articles of Amendment.

MGH/BRIGHAM HEALTH CARE SYSTEM, INC.

IV. Other Lawful Provisions for Conduct and Regulation of the Business and Affairs of the Corporation, for its Voluntary Dissolution, and for Limiting, Defining and Regulating the Powers of the Corporation and of its Trustees and Members.

4.1. The corporation shall have in furtherance of its corporate purposes all of the powers specified in Section 6 of Chapter 180 and in Sections 9 and 9A of Chapter 156B of the Massachusetts General Laws (except those provided in paragraph (m) of said Section 9) as now in force or as hereafter amended, and may carry on any operation or activity referred to in Article 2 to the same extent as might an individual, either alone or in a joint venture or other arrangement with others, or through a wholly or partly owned or controlled corporation; provided, however, that no such power shall be exercised in a manner inconsistent with said Chapter 180 or any other chapter of the Massachusetts General Laws or which would deprive it of exemption from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

4.2. The by-laws may authorize the trustees to make, amend or repeal the by-laws in whole or in part, except with respect to any provision thereof which by law, the articles of organization or the by-laws requires action by the members.

4.3. Meetings of the members may be held anywhere in the United States.

4.4. No trustee or officer of the corporation shall be personally liable to the corporation or its members for monetary damages for breach of fiduciary duty as such trustee or officer notwithstanding any provision of law imposing such liability, except to the extent that such exemption from liability is not permitted under Chapter 180 of the Massachusetts General Laws.

4.5.(a) The corporation shall, to the extent legally permissible, indemnify each person who serves as one of its members, trustees or officers, or who serves at its request as a member, trustee or officer of another organization or in a capacity with respect to any employee benefit plan (each such person being called in this Section 4.5 a "Person") against all liabilities and expenses, including amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and

counsel fees, reasonably incurred by such Person in connection with the defense or disposition of any action, suit or other proceeding, whether civil or criminal, in which such Person may be involved or with which such Person may be threatened, while in office or thereafter, by reason of being or having been such a Person, except with respect to any matter as to which such Person shall have been adjudicated in any proceeding not to have acted in good faith in the reasonable belief that his or her action was in the best interests of the corporation or, to the extent that such matter relates to service at the request of the corporation for another organization or an employee benefit plan, in the best interests of such organization or of the participants or beneficiaries of such employee benefit plan. Such best interests shall be deemed to be the best interests of the corporation for the purposes of this Section 4.5.

(b) Notwithstanding the foregoing, as to any matter disposed of by a compromise payment by any Person, pursuant to a consent decree or otherwise, no indemnification either for said payment or for any other expenses shall be provided unless such compromise shall be approved as in the best interests of the corporation, after notice that it involves such indemnification, (a) by a disinterested majority of the trustees then in office; or (b) by a majority of the disinterested trustees then in office, provided that there has been obtained an opinion in writing of independent legal counsel to the effect that such Person appears to have acted in good faith in the reasonable belief that his or her action was in the best interests of the corporation; or (c) by a majority of the disinterested members entitled to vote, voting as a single class.

(c) Expenses, including counsel fees, reasonably incurred by any Person in connection with the defense or disposition of any such action, suit or other proceeding may be paid from time to time by the corporation in advance of the final disposition thereof upon receipt of an undertaking by such Person to repay the amounts so paid if such Person ultimately shall be adjudicated to be not entitled to indemnification under this Section 4.5. Such an undertaking may be accepted without reference to the financial ability of such Person to make repayment.

(d) The right of indemnification hereby provided shall not be exclusive. Nothing contained in this Section shall affect any other rights to indemnification to which any Person or other corporate personnel may be entitled by contract or otherwise under law.

(e) As used in this Section 4.5, the term "Person" includes such Person's respective heirs, executors and administrators, and

a "disinterested" member, trustee or officer is one against whom in such capacity the proceeding in question, or another proceeding on the same or similar grounds, is not then pending.

4.6.(a) No person shall be disqualified from holding any office by reason of any interest. In the absence of fraud, any trustee, officer or member of this corporation, or any concern in which any such trustee, officer or member has any interest, may be a party to, or may be pecuniarily or otherwise interested in, any contract, act or other transaction (collectively called a "transaction") of this corporation, and

(1) such transaction shall not be in any way invalidated or otherwise affected by that fact; and

(2) no such trustee, officer, member or concern shall be liable to account to this corporation for any profit or benefit realized through any such transaction;

provided, however, that such transaction either was fair at the time it was entered into or is authorized or ratified either (i) by a majority of the trustees who are not so interested and to whom the nature of such interest has been disclosed, or (ii) by vote of a majority of each class of members of the corporation entitled to vote for trustees, at any meeting of members the notice of which, or an accompanying statement, summarizes the nature of such transaction and such interest. No interested trustee or member of this corporation may vote or may be counted in determining the existence of a quorum at any meeting at which such transaction shall be authorized, but may participate in discussion thereof.

(b) For purposes of this Section 4.6, the term "interest" shall include personal interest and also interest as a trustee, officer, stockholder, shareholder, director, member or beneficiary of any concern; and the term "concern" shall mean any corporation, association, trust, partnership, firm, person or other entity other than this corporation.

(c) No transaction shall be avoided by reason of any provisions of this paragraph 4.6 which would be valid but for such provisions.

4.7. No part of the assets or net earnings of the corporation shall inure to the benefit of any member, officer or trustee of the corporation or any individual; no substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting, to influence legislation except to the extent permitted by Section 501(h) of the Internal Revenue Code; and the corporation shall not participate in, or



intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office. It is intended that the corporation shall be entitled to exemption from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and shall not be a private foundation under Section 509(a) of the Internal Revenue Code.

4.8. If and so long as the corporation is a private foundation (as that term is defined in Section 509 of the Internal Revenue Code), then notwithstanding any other provisions of the articles of organization or the by-laws of the corporation, the following provisions shall apply:

- A) the income of the corporation for each taxable year shall be distributed at such time and in such manner as not to subject the corporation to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code, and
- B) the corporation shall not engage in any act of self dealing (as defined in Section 4941(d) of the Internal Revenue Code), nor retain any excess business holdings (as defined in Section 4943(c) of the Internal Revenue Code), nor make any investments in such manner as to subject the corporation to tax under Section 4944 of the Internal Revenue Code, nor make any taxable expenditures (as defined in Section 4945(d) of the Internal Revenue Code).

4.9. Upon the liquidation or dissolution of the corporation, after payment of all of the liabilities of the corporation or due provision therefor, all of the assets of the corporation shall be disposed of pursuant to Massachusetts General Laws, Chapter 180, Section 11A, to The Massachusetts General Hospital and The Brigham Medical Center, Inc. if exempt from taxation as organizations described in Section 501(c)(3) of the Internal Revenue Code or, if both are not, to one or more organizations with similar purposes and similar tax exemption.

4.10. All references herein: (i) to the Internal Revenue Code shall be deemed to refer to the Internal Revenue Code of 1986, as now in force or hereafter amended; (ii) to the General Laws of The Commonwealth of Massachusetts, or any chapter thereof, shall be deemed to refer to said General Laws or chapter as now in force or hereafter amended; and (iii) to particular sections of the Internal Revenue Code or said General Laws shall be deemed to refer to similar or successor provisions hereafter adopted.

MGH/BRIGHAM HEALTH CARE SYSTEM, INC.

Continuation Sheet VII(b)

	Name	Residence or Post Office Address
<u>Officers</u>		
Vice-President	J. Robert Buchanan, M.D.	25 Commonwealth Avenue Boston, MA 02116.
President	H. Richard Nesson, M.D.	565 Boylston Street Brookline, MA 02146
Treasurer	Richard A. Spindler	210 Schoolmaster Lane Dedham, MA 02026
Clerk	David M. Donaldson	22 Weston Road Lincoln Center, MA 01773
<u>Trustees</u>		
	W. Gerald Austen, M.D.	163 Wellesley Street Weston, MA 02193
	Eugene Braunwald, M.D.	75 Scotch Pine Road Weston, MA 02193
	J. Robert Buchanan, M.D.	25 Commonealth Avenue Boston, MA 02116
	Francis H. Burr	44 Prince Street Beverly, MA 01915
	Ferdinand Colloredo-Mansfeld	Winthrop Street Hamilton, MA 01982

MGH/BRIGHAM HEALTH CARE SYSTEM, INC.

Continuation Sheet VII(b)

Name	Residence or Post Office Address
John H. McArthur	Fowler 10 Soldiers Field Boston, MA 02134
H. Richard Nesson, M.D.	565 Boylston Street Brookline, MA 02146
Richard A. Spindler	210 Schoolmaster Lane Dedham, MA 02026

## ARTICLE V

By-laws of the corporation have been duly adopted and the initial directors, president, treasurer and clerk or other presiding, financial or recording officers, whose names are set out below, have been duly elected.

## ARTICLE VI

The effective date of organization of the corporation shall be the date of filing with the Secretary of the Commonwealth or if a later date is desired, specify date, (not more than 30 days after date of filing).

The information contained in ARTICLE VII is NOT a PERMANENT part of the Articles of Organization and may be changed ONLY by filing the appropriate form provided therefor.

## ARTICLE VII

a. The post office address of the initial principal office of the corporation IN MASSACHUSETTS is:

c/o Ropes & Gray, One International Place, Boston, MA 02110

b. The name, residence and post office address of each of the initial directors and following officers of the corporation are as follows:

NAME	RESIDENCE	POST OFFICE ADDRESS
------	-----------	---------------------

President:	See Continuation Sheet VII(b) attached hereto and incorporated herein by reference.	
------------	---	--

Treasurer:

Clerk:

Directors: (or officers having the powers of directors).

NAME	RESIDENCE	POST OFFICE ADDRESS
------	-----------	---------------------

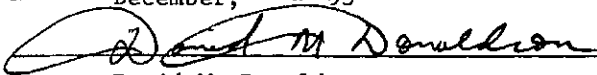
See Continuation Sheet VII(b) attached hereto and incorporated herein by reference.

c. The fiscal year of the corporation shall end on the last day of the month of: September

d. The name and BUSINESS address of the RESIDENT AGENT of the corporation, if any, is:

I/We the below-signed INCORPORATORS do hereby certify under the pains and penalties of perjury that I/We have not been convicted of any crimes relating to alcohol or gaming within the past ten years. I/We do hereby further certify that to the best of my/our knowledge the above-named principal officers have not been similarly convicted. If so convicted, explain.

IN WITNESS WHEREOF and under the pains and penalties of perjury, I/WE, whose signature(s) appear below as incorporator(s) and whose names and business or residential address(es) ARE CLEARLY TYPED OR PRINTED beneath each signature do hereby associate with the intention of forming this corporation under the provisions of General Laws Chapter 180 and do hereby sign these Articles of Organization as incorporator(s) this 9<sup>th</sup> day of December, 19 93

  
David M. Donaldson

Ropes & Gray  
One International Place  
Boston, MA 02110

NOTE: If an already-existing corporation is acting as incorporator, type in the exact name of the corporation, the state or other jurisdiction where it was incorporated, the name of the person signing on behalf of said corporation and the title he/she holds or other authority by which such action is taken.

SECRETARY OF STATE  
RECEIVED

1993 DEC 15 PM 1:39

CORPORATION DIVISION

449104

THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF ORGANIZATION

GENERAL LAWS, CHAPTER 180

I hereby certify that, upon an examination of the within-written articles of organization, duly submitted to me, it appears that the provisions of the General Laws relative to the organization of corporations have been complied with, and I hereby approve said articles; and the filing fee in the amount of \$35.00 having been paid, said articles are deemed to have been filed with me this

day of December 15<sup>th</sup> 1993.

Effective date



MICHAEL J. CONNOLLY  
Secretary of State

**A PHOTOCOPY OF THESE ARTICLES OF ORGANIZATION SHALL BE  
RETURNED**

TO: David M. Donaldson, Esq.

Ropes & Gray

One International Place, Boston, MA 02110

Telephone: (617) 951-7250

\_\_\_\_\_

## FEDERAL IDENTIFICATION

NO. 000449109

**General Laws, Chapter 180, Section 7**

, President/~~Vice~~President, and

~~Clerk Assistant~~ Clerk of

(Name of Corporation)

[illegible]

That the Articles of Organization of this corporation be and they hereby are amended to change the name of the corporation to "Partners HealthCare System, Inc."

Note: If the space provided under any article or item on this form is insufficient, additions shall be set forth on separate 8 1/2 x 11 sheets of paper leaving a left hand margin of at least 1 inch for binding. Additions to more than one article may be continued on a single sheet so long as each article requiring each such addition is clearly indicated.

The foregoing amendment will become effective when these articles of amendment are filed in accordance with Chapter 180, Section 7 of the General Laws unless these articles specify, in accordance with the vote adopting the amendment, a later effective date not more than thirty days after such filing, in which event the amendment will become effective on such later date.

IN WITNESS WHEREOF AND UNDER THE PENALTIES OF PERJURY, we have hereto signed our names this  
18th day of March, in the year 1994

*H. Richard Nesson*

President/~~Vice President~~

*Daniel M. O'Connell*

Clerk/~~Secretary~~

459052

SECRETARY OF STATE  
RECEIVED

1994 MAR 18 PM 4:10

CORPORATION DIVISION

THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF AMENDMENT

(General Laws, Chapter 180, Section 7)

I hereby approve the within articles of amendment—  
and, the filing fee in the amount of \$ 15—  
having been paid, said articles are deemed to have been  
filed with me this 18<sup>th</sup>  
day of March, 1994

*Michael Joseph Connolly*

MICHAEL J. CONNOLLY

Secretary of State

TO BE FILLED IN BY CORPORATION  
PHOTO COPY OF AMENDMENT TO BE SENT



TO:

John E. Beard

Raper & Gray

One International Place, Boston 02110

Telephone

617-951-7411

Copy Mailed



Example 8

Name \_\_\_\_\_  
Approved \_\_\_\_\_

C	<input type="checkbox"/>
P	<input type="checkbox"/>
M	<input type="checkbox"/>
R.A.	<input type="checkbox"/>

(collectively, the "Partners Affiliated Corporations") and such other charitable, scientific or educational organizations which are or are affiliated with teaching hospitals in the Greater Boston Area; and (iv) to carry on any other activity that may lawfully be carried on by a corporation formed under Chapter 180 of the Massachusetts General Laws which is exempt under Section 501(c)(3) of the Internal Revenue Code; and in furtherance of the foregoing purposes to:

- (a) Serve as the controlling and coordinating organization for the Partners Affiliated Corporations in order to assure the consistency and appropriateness of their respective missions, activities, governance and administration;
- (b) Solicit and receive devises of real property and grants, donations and bequests of money and other property to be used to further the foregoing purposes and those of the Partners Affiliated Corporations; and
- (c) Support the Partners Affiliated Corporations by loan, lease or donation of funds or other assets, by guaranty of obligations or by other action.

2. Delete Section 4.5. of Article IV.

The foregoing amendment(s) will become effective when these Articles of Amendment are filed in accordance with General Laws, Chapter 180, Section 7 unless these articles specify, in accordance with the vote adopting the amendment, a later effective date not more than *thirty days* after such filing, in which event the amendment will become effective on such later date.

~~XXXXXXXXXXXX~~

SIGNED UNDER THE PENALTIES OF PERJURY, this 29<sup>TH</sup> day of May, 1998,

Paulo One

, \*President ~~XXXXXXXXXXXX~~

Ernest M. Haddad

Secretary  
\*~~XXXXXXXXXXXX~~

THE COMMONWEALTH OF MASSACHUSETTS

ARTICLES OF AMENDMENT

(General Laws, Chapter 180, Section 7)

619710

SECRETARY OF  
THE COMMONWEALTH

98 JUN -2 AM 9:52

I hereby approve the within Articles of Amendment and, the filing fee in  
the amount of \$ 1500 having been paid, said articles are deemed  
to have been filed with me this 2<sup>ND</sup> day of JUNE  
19 98.

Effective date: \_\_\_\_\_

*William Francis Galvin*

WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth

TO BE FILLED IN BY CORPORATION

Photocopy of document to be sent to:

Ernest M. Haddad, Esq.

Partners HealthCare System, Inc.

800 Boylston Street, Ste. 1150

Boston, MA 02199

Telephone: (617) 278-1065

# The Commonwealth of Massachusetts

William Francis Galvin

Secretary of the Commonwealth

One Ashburton Place, Boston, Massachusetts 02108-1512

## ARTICLES OF AMENDMENT (General Laws, Chapter 180, Section 7)

042

Examiner

Name

Approved

We, Samuel O. Thier, M.D., President / ~~Vice President~~

and Ernest M. Haddad, Secretary / ~~Clerk, Cashier, Clerk~~

of Partners HealthCare System, Inc.  
(Exact name of corporation)

located at 800 Boylston Street, Suite 1150, Boston, MA 02199  
(Address of corporation in Massachusetts)

do hereby certify that these Articles of Amendment affecting articles numbered:

II

(Number those articles 1, 2, 3, and/or 4 being amended)

of the Articles of Organization were duly adopted at a meeting held on May 3 19 99, by vote of:

293 members, ~~XXXXXXXXXXXXXXXXXXXX directors, XXXXXXXXXXXXXXXXXXXXXXX shareholders,~~

being at least two-thirds of its members/directors legally qualified to vote in meetings of the corporation ~~XXXXXX~~  
~~the case of a corporation having capital stock, by the holders of at least two-thirds of the capital stock having the right to vote thereon~~

Delete Article II and insert in place thereof the following:

### Article II

The purpose of the corporation is to engage in the following activities:

(i) To organize, operate, coordinate and support a comprehensive integrated health care delivery system (the "System") that provides, without limitation, hospital, physician and other health care services for all persons and education and research for the prevention, diagnosis, treatment and cure of all forms of human illness; (ii) to improve the health and welfare of all persons; (iii) to serve as the controlling and coordinating organization for the System and its member institutions and entities including Brigham and Women's/Faulkner Hospitals, Inc., The Massachusetts General Hospital, The North Shore Medical Center, Inc., Newton-Wellesley Health Care System, Inc., and such other hospital, physician, charitable, scientific, educational,

\*Delete the inapplicable words.

Note: If the space provided under any article or item on this form is insufficient, additions shall be set forth on one side only of separate 8 1/2 x 11 sheets of paper with a left margin of at least 1 inch. Additions to more than one article may be made on a single sheet so long as each article requiring each addition is clearly indicated.

research and other institutions and entities that are controlled, directly or indirectly, through sole corporate membership, stock ownership or otherwise, by the Corporation (collectively, the "Affiliated Organizations"); (iv) to assist and support the Affiliated Organizations in fulfilling their respective purposes, missions and objectives in a manner consistent with the purposes, missions and objectives of the Corporation and the System; and (v) to carry on any other activity that may lawfully be carried on by a corporation formed under Chapter 180 of the Massachusetts General Laws which is exempt under Section 501(c)(3) of the Internal Revenue Code; and in furtherance of the foregoing purposes to:

(a) Solicit and receive devises of real property and grants, donations and bequests of money and other property to be used to further the foregoing purposes; and

(b) Support the Affiliated Organizations by loan, lease or donation of funds or other assets; and

(c) Support the Affiliated Organizations by guaranty of the obligations of the Affiliated Organizations or by other action.

The foregoing amendment(s) will become effective when these Articles of Amendment are filed in accordance with General Laws, Chapter 180, Section 7 unless these articles specify, in accordance with the vote adopting the amendment, a later effective date not more than *thirty days* after such filing, in which event the amendment will become effective on such later date.

~~Not effective date~~ XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

SIGNED UNDER THE PENALTIES OF PERJURY, this 24th day of May, 19 99,

Paul O. Oher, President ~~Vice President~~

James M. Haddad, Secretary ~~Assistant Clerk~~

660922

THE COMMONWEALTH OF MASSACHUSETTS

**ARTICLES OF AMENDMENT**  
(General Laws, Chapter 180, Section 7)

I hereby approve the within Articles of Amendment and, the filing fee in  
the amount of \$ 15.00 having been paid, said articles are deemed  
to have been filed with me this 26th day of May  
19 99.

Effective date: \_\_\_\_\_



**WILLIAM FRANCIS GALVIN**  
*Secretary of the Commonwealth*

**TO BE FILLED IN BY CORPORATION**  
Photocopy of document to be sent to:

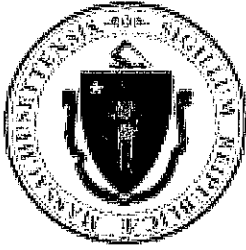
\_\_\_\_\_  
Mary LaLonde

\_\_\_\_\_  
Partners HealthCare System

\_\_\_\_\_  
Office of the General Counsel  
50 Staniford St., 10th floor

\_\_\_\_\_  
Boston, MA 02114  
Telephone 617-726-5315

99 MAY 26 AM 9:24



**The Commonwealth of Massachusetts**  
**William Francis Galvin**

Minimum Fee: \$15.00

Secretary of the Commonwealth, Corporations Division  
One Ashburton Place, 17th floor  
Boston, MA 02108-1512  
Telephone: (617) 727-9640

**Articles of Amendment**

(General Laws, Chapter 180, Section 7)

Identification Number: 043230035

We, BRENT L. HENRY \_\_\_ President ☒ Vice President,

and MARY C. LALONDE \_\_\_ Clerk ☒ Assistant Clerk ,

of PARTNERS HEALTHCARE SYSTEM, INC.

located at: 800 BOYLSTON ST., SUITE 1150 BOSTON , MA 02199 USA

do hereby certify that these Articles of Amendment affecting articles numbered:

\_\_\_ Article 1 ☒ Article 2 \_\_\_ Article 3 \_\_\_ Article 4

(Select those articles 1, 2, 3, and/or 4 that are being amended)

of the Articles of Organization were duly adopted at a meeting held on 4/19/2016 , by vote of: 197 members, 0 directors, or 0 shareholders, being at least two-thirds of its members/directors legally qualified to vote in meetings of the corporation (or, in the case of a corporation having capital stock, by the holders of at least two thirds of the capital stock having the right to vote therein):

**ARTICLE I**

The exact name of the corporation, **as amended**, is:  
(Do not state Article I if it has not been amended.)

**ARTICLE II**

The purpose of the corporation, **as amended**, is to engage in the following business activities:  
(Do not state Article II if it has not been amended.)

THE PURPOSE OF THE CORPORATION IS TO ENGAGE IN THE FOLLOWING ACTIVITIES: (I) TO ORGANIZE, OPERATE, COORDINATE AND SUPPORT A COMPREHENSIVE INTEGRATED HEALTH CARE DELIVERY SYSTEM (THE "SYSTEM") THAT PROVIDES, WITHOUT LIMITATION, HOSPITAL, PHYSICIAN AND OTHER HEALTH CARE SERVICES FOR ALL PERSONS AND EDUCATION AND RESEARCH FOR THE PREVENTION, DIAGNOSIS, TREATMENT AND CURE OF ALL FORMS OF HUMAN ILLNESS; (II) TO IMPROVE THE HEALTH AND WELFARE OF ALL PERSONS AND TO CONDUCT AND SUPPORT EDUCATION, RESEARCH AND OTHER ACTIVITIES RELATING THERE TO, (III) TO SERVE AS THE CONTROLLING AND COORDINATING ORGANIZATION FOR THE SYSTEM AND ITS MEMBER INSTITUTIONS AND ENTITIES INCLUDING BRIGHAM AND WOMEN'S HEALTH CARE, INC., THE MASSACHUSETTS GENERAL HOSPITAL, NSMC HEALTHCARE, INC., NEWTON WELLESLEY HEALTH CARE SYSTEM, INC., PARTNERS COMMUNITY PHYSICIANS ORGANIZATION, INC., PARTNERS CONTINUING CARE, INC., NEIGHBORHOOD HEALTH PLAN, INC. AND SUCH OTHER HOSPITAL, PHYSICIAN, CHARITABLE, SCIENTIFIC, E

DUCATIONAL, RESEARCH AND OTHER INSTITUTIONS AND ENTITIES THAT ARE CONTROLL  
ED, DIRECTLY OR INDIRECTLY, THROUGH SOLE CORPORATE MEMBERSHIP, STOCK OWNER  
SHIP OR OTHERWISE, BY THE CORPORATION (COLLECTIVELY, THE "AFFILIATED ORGANIZ  
ATIONS"); (IV) TO ASSIST AND SUPPORT THE AFFILIATED ORGANIZATIONS IN FULFILLING  
THEIR RESPECTIVE PURPOSES, MISSIONS AND OBJECTIVES IN A MANNER CONSISTENT WI  
TH THE PURPOSES, MISSIONS AND OBJECTIVES OF THE CORPORATION AND THE SYSTEM;  
AND (V) TO CARRY ON ANY OTHER ACTIVITY THAT MAY LAWFULLY BE CARRIED ON BY A  
CORPORATION FORMED UNDER CHAPTER 180 OF THE MASSACHUSETTS GENERAL LAWS  
WHICH IS EXEMPT UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE; AND IN F  
URTHERANCE OF THE FOREGOING PURPOSES TO: (A) SOLICIT AND RECEIVE DEVICES OF R  
EAL PROPERTY AND GRANTS, DONATIONS AND BEQUESTS OF MONEY AND OTHER PROPE  
RTY TO BE USED TO FURTHER THE FOREGOING PURPOSES; AND (B) SUPPORT THE AFFILIAT  
ED ORGANIZATIONS BY LOAN, LEASE OR DONATION OF FUNDS OR OTHER ASSETS; AND  
(C) SUPPORT THE AFFILIATED ORGANIZATIONS BY GUARANTY OF THE OBLIGATIONS OF T  
HE AFFILIATED ORGANIZATIONS OR BY OTHER ACTION.

### ARTICLE III

A corporation may have one or more classes of members. **As amended**, the designation of such classes, the manner of election or appointments, the duration of membership and the qualifications and rights, including voting rights, of the members of each class, may be set forth in the by-laws of the corporation or may be set forth below:

### ARTICLE IV

**As amended**, other lawful provisions, if any, for the conduct and regulation of the business and affairs of the corporation, for its voluntary dissolution, or for limiting, defining, or regulating the powers of the business entity, or of its directors or members, or of any class of members, are as follows:  
(If there are no provisions state "NONE")

The foregoing amendment(s) will become effective when these Articles of Amendment are filed in accordance with General Laws, Chapter 180, Section 7 unless these articles specify, in accordance with the vote adopting the amendment, a *later* effective date not more than *thirty days* after such filing, in which event the amendment will become effective on such later date.

**Later Effective Date:**

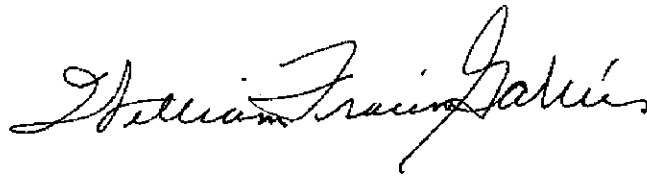
Signed under the penalties of perjury, this 20 Day of April, 2016, **BRENT L. HENRY**, its ,  
President / Vice President,  
**MARY C. LALONDE**, Clerk / Assistant Clerk.



THE COMMONWEALTH OF MASSACHUSETTS

I hereby certify that, upon examination of this document, duly submitted to me, it appears that the provisions of the General Laws relative to corporations have been complied with, and I hereby approve said articles; and the filing fee having been paid, said articles are deemed to have been filed with me on:

April 20, 2016 04:09 PM

A handwritten signature in black ink, reading "William Francis Galvin". The signature is written in a cursive, flowing style with a large initial 'W' and 'G'.

WILLIAM FRANCIS GALVIN

*Secretary of the Commonwealth*

## **Attachment/Exhibit**

**8**



**Massachusetts Department of Public Health**  
**Determination of Need**  
**Affidavit of Truthfulness and Compliance**  
**with Law and Disclosure Form 100.405(B)**

Version: DRAFT  
3-22-17c

**DRAFT**

**Instructions:** Complete Information below. When complete check the box "This document is ready to print".  
This will date stamp and lock the form. Print Form. Each person must sign and date the form.  
When all signatures have been collected, scan the document and e-mail to: **dph.don@state.ma.us**  
Include all attachments as requested.

Application Number: PHS-17071716-TO

Original Application Date: 7-17-2017

Applicant Name: Partners HealthCare System, Inc.

Applicant's Business Type: ☒ Corporation ☐ Limited Partnership ☐ Partnership ☐ Trust

Is the Applicant the sole member or sole shareholder of the Health Facility(ies) that are the subject of this Application? ☐ Yes ☒ No

Describe the role /relationship: /will be the sole corporate member of the Foundation of Massachusetts Eye and Ear Infirmary, Inc.

This document is ready to print: ☒

Date/time Stamp: 06/30/2017 11:30 am

The undersigned certifies under the pains and penalties of perjury:

1. The Applicant is /will be the sole corporate member of the Foundation of Massachusetts Eye and Ear Infirmary, Inc.;
2. I have read 105 CMR 100.000, the Massachusetts Determination of Need Regulation;
3. I understand and agree to the expected and appropriate conduct of the Applicant pursuant to 105 CMR 100.800;
4. I have read this application for Determination of Need including all exhibits and attachments, and certify that all of the information contained herein is accurate and true;
5. have submitted the correct Filing Fee and understand it is nonrefundable pursuant to 105 CMR 100.405(B);
6. I have submitted the required copies of this application to the Determination of Need Program, and, as applicable, to all Parties of Record and other parties as required pursuant to 105 CMR 100.405(B);
7. I have caused, as required, notices of intent to be published and duplicate copies to be submitted to all Parties of Record, and all carriers or third-party administrators, public and commercial, for the payment of health care services with which the Applicant contracts, and with Medicare and Medicaid, as required by 105 CMR 100.405(C), et seq.;
8. I have caused proper notification and submissions to the Secretary of Environmental Affairs pursuant to 105 CMR 100.405(E) and 301 CMR 11.00;
9. If subject to M.G.L. c. 6D, § 13 and 958 CMR 7.00, I have submitted such Notice of Material Change to the HPC - in accordance with 105 CMR 100.405(G);
10. Pursuant to 105 CMR 100.210(A)(3), I certify that both the Applicant and the Proposed Project are in material and substantial compliance and good standing with relevant federal, state, and local laws and regulations, as well as with all previously issued Notices of Determination of Need <sup>\*\*</sup> and the terms and Conditions attached therein;
11. I have read and understand the limitations on solicitation of funding from the general public prior to receiving a Notice of Determination of Need as established in 105 CMR 100.415;
12. I understand that, if Approved, the Applicant, as Holder of the DoN, shall become obligated to all Standard Conditions pursuant to 105 CMR 100.310, as well as any applicable Other Conditions as outlined within 105 CMR 100.000 or that otherwise become a part of the Final Action pursuant to 105 CMR 100.360;
13. Pursuant to 105 CMR 100.705(A), I certify that the Applicant has Sufficient Interest in the Site or facility; and
14. Pursuant to 105 CMR 100.705(A), I certify that the Proposed Project is authorized under applicable zoning by-laws or ordinances, whether or not a special permit is required; or,
  - a. If the Proposed Project is not authorized under applicable zoning by-laws or ordinances, a variance has been received to permit such Proposed Project; or,
  - b. The Proposed Project is exempt from zoning by-laws or ordinances.

\*been informed of

\*\*issued in compliance with 105 CMR 100.00, the Massachusetts Determination of Need Regulation effective January 27, 2017

**Corporation:**

Attach a copy of Articles of Organization/Incorporation, as amended

Partners HealthCare System, Inc.

CEO for Corporation Name:

David Torchiana

Signature:

7/6/17

Date

Partners HealthCare System, Inc.

Board Chair for Corporation Name:

Edward R. Gansler

Signature:

7/5/17

Date

## **Attachment/Exhibit**

**9**

DATE				CHECK NO		
06/27/2017				0005700669		
VOUCHER	INVOICE NUMBER	INVOICE DATE	PO NUMBER	GROSS AMOUNT	DISCOUNT	NET AMOUNT
24701918	FLINGFEE	06/27/2017		370,657.76	0.00	370,657.76
MM Client Services (617) 726-2142				TOTAL AMOUNT	DISCOUNT	NET AMOUNT
				370,657.76	0.00	370,657.76

To Remove Document Fold and Tear Along This Perforation

VERIFY THE AUTHENTICITY OF THIS MULTI-TONE SECURITY DOCUMENT.

CHECK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM.



Bank of America, N.A.  
South Portland, ME

62-153  
112 ME

DATE  
06/27/2017

0005700669

AMOUNT

\$370,657.76

PAY Three Hundred Seventy Thousand Six Hundred Fifty-Seven and 76/100 Dollars

TO THE ORDER OF COMMONWEALTH OF MASSACHUSETTS  
P O BOX 390061  
BOSTON MA

*Robert K. Marshall*

AUTHORIZED SIGNATURE

VOID IF NOT CASHED WITHIN 90 DAYS

⑈0005700669⑈ ⑆011201539⑆ 000080056978⑈

\*See Reverse Side For Easy Opening Instructions\*



P.O. Box 9127  
Boston, MA 02129-9127

COMMONWEALTH OF MASSACHUSETTS  
P O BOX 390061  
BOSTON MA 02241-0961